

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 26, 2026

NEW ISSUE—Book-Entry-Only

RATING†*: S&P Global Ratings A

In the opinion of Thrun Law Firm, P.C., Bond Counsel, under existing law, (i) the Bonds and the interest thereon are exempt from all taxation in the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof, (ii) interest on the Bonds is excluded from gross income for federal income tax purposes to the extent and subject to the conditions described herein, and (iii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax to the extent and subject to the conditions described herein. See "TAX MATTERS" herein.



\$21,400,000**

SCHOOL DISTRICT OF THE CITY OF HOLLAND
COUNTIES OF OTTAWA AND ALLEGAN, STATE OF MICHIGAN
2026 SCHOOL BUILDING AND SITE BONDS, SERIES I
(GENERAL OBLIGATION - UNLIMITED TAX)

Dated: Date of Delivery

Due: November 1, as shown below

On August 5 2025, the qualified electors of the School District of the City of Holland, Counties of Ottawa and Allegan, State of Michigan (the "School District") approved the issuance of bonds in the amount not to exceed \$49,225,000 to be issued in one or more series. Proceeds of the 2026 School Building and Site Bonds, Series I (General Obligation - Unlimited Tax) (the "Bonds") in the principal amount of \$21,400,000**, representing the first series of bonds issued pursuant to the 2025 authorization, will be used for school building and site purposes. The Bonds were authorized by the Board of Education of the School District by resolutions adopted on February 9, 2026 and expected to be adopted on March __, 2026 (together, the "Resolutions"). The Bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon and will be payable from ad valorem taxes, which may be levied on all taxable property in the School District without limitation as to rate or amount.

The Bonds are issuable only as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry-only form in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Bonds (the "Beneficial Owners") will not receive certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "THE BONDS—Book-Entry-Only System" herein.

Principal of and interest on the Bonds will be paid by the corporate trust office of Argent Institutional Trust Company, Grand Rapids, Michigan (the "Paying Agent"). So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to DTC's Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC's Direct Participants and Indirect Participants, as more fully described herein. Interest will be payable semiannually on November 1 and May 1, commencing November 1, 2026 to the Bondholders of record as of the applicable record dates as stated in the Bonds.

The School District has applied for municipal bond insurance to insure the Bonds, but has not, as of the date hereof, received or accepted a commitment. See "POTENTIAL FOR BOND INSURANCE" herein.

(Base CUSIP\$: _____)

Table with 10 columns: Maturity**, Amount**, Interest Rate, Yield, CUSIP\$, Maturity**, Amount**, Interest Rate, Yield, CUSIP\$. Rows list bond maturities from 2026 to 2040 with corresponding amounts and CUSIP numbers.

THE BONDS OR PORTIONS OF THE BONDS MATURING ON OR AFTER NOVEMBER 1, 2036** ARE SUBJECT TO OPTIONAL REDEMPTION BEGINNING MAY 1, 2036**, IN THE MANNER AND AT THE TIMES DESCRIBED HEREIN. See "THE BONDS — Optional Redemption" herein.

The Bonds will be offered when, as and if issued by the School District and accepted by the Underwriters subject to the approving legal opinion of Thrun Law Firm, P.C., East Lansing, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan. It is expected that the Bonds will be available for delivery through DTC on or about March __, 2026.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.



Raymond James

The date of this Official Statement is March __, 2026.

† For an explanation of the rating, see "RATING" herein.

* As of date of delivery.

** Preliminary, subject to change.

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This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. As of this date, this Preliminary Official Statement has been deemed "final" by the School District for purposes of SEC Rule 15c2-12(b)(1) except for the omission of certain information permitted by SEC Rule 15c2-12(b)(1).

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement in connection with the offer made hereby and, if given or made, such other information or representation must not be relied upon as having been authorized by the School District or the Underwriters. This Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may an offer to buy these securities be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Information herein has been obtained from the School District, The Depository Trust Company and other sources believed to be reliable. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information (except for information under the section captioned "UNDERWRITING," which was obtained from the Underwriters).

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency will have passed upon the adequacy of this Official Statement, or, except for the School District, approved the Bonds for sale.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE INFORMATION PRESENTED IN THIS OFFICIAL STATEMENT CONCERNING THE SCHOOL DISTRICT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

SCHOOL DISTRICT OF THE CITY OF HOLLAND
320 West 24th Street
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(616) 494-2000

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Mark Woltman, Vice President
Lois Mulder, Secretary
Diane Ybarra, Treasurer
Chris Arendshorst, Trustee
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**OFFICIAL STATEMENT
relating to**

\$21,400,000¹

**SCHOOL DISTRICT OF THE CITY OF HOLLAND
COUNTIES OF OTTAWA AND ALLEGAN, STATE OF MICHIGAN
2026 SCHOOL BUILDING AND SITE BONDS, SERIES I
(GENERAL OBLIGATION – UNLIMITED TAX)**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices, is to furnish information in connection with the issuance and sale by the School District of the City of Holland, Counties of Ottawa and Allegan, State of Michigan (the "School District") of its 2026 School Building and Site Bonds, Series I (General Obligation - Unlimited Tax) (the "Bonds") in the principal amount of \$21,400,000¹.

PURPOSE AND SECURITY

On August 4, 2025, the qualified electors of the School District approved a proposal authorizing the issuance of bonds in an amount of not to exceed \$49,225,000 to be issued in one or more series. Proceeds of the Bonds in the principal amount of \$21,400,000¹, representing the first series of bonds issued under such authorization, are being issued for the purpose of erecting additions to, remodeling, including security improvements to, furnishing and refurnishing, and equipping and re-equipping school buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; erecting school support buildings; purchasing school buses; and erecting, developing and improving athletic fields and facilities, parking areas, and sites (the "Project"); and paying the cost of issuing the Bonds.

The Bonds, as authorized for issuance by the resolutions of the Board of Education of the School District adopted on February 9, 2026 and expected to be adopted on March __, 2026 (together, the "Resolutions"), are a full faith and credit unlimited tax general obligation of the School District. The principal of and interest on the Bonds are payable from the proceeds of ad valorem taxes levied on all taxable property in the School District which may be levied without limitation as to rate or amount.

POTENTIAL FOR BOND INSURANCE

The School District has applied for municipal bond insurance to insure the Bonds, but has not, as of the date hereof, received or accepted a commitment for such insurance. The School District will, together with its financial advisor, evaluate any commitment that is received and determine whether it is cost effective to accept the commitment to insure the Bonds. If the Bonds are insured, information regarding the bond insurance, the bond insurer, and the effect of insurance on the ratings for the Bonds will be included in the final Official Statement.

¹ Preliminary, subject to change.

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES

Par Amount of the Bonds
Original Issue Premium
Original Issue Discount
Total Sources

USES

Capital Projects Fund
Underwriters' Discount
Costs of Issuance for the Bonds
Total Uses

THE BONDS

Description and Form of the Bonds

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of, and bear interest from, the date of issuance. Interest on the Bonds shall be payable semiannually each November 1 and May 1 to maturity or early redemption, commencing November 1, 2026. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months, and the Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement.

The corporate trust office of Argent Institutional Trust Company, Grand Rapids, Michigan, will serve as the paying agent (the "Paying Agent") and also as bond registrar and transfer agent if the Bonds cease to be held in book-entry-only form. Interest on the Bonds shall be payable when due by check or draft to the person or entity who or which is, as of the fifteenth (15th) day of the month preceding each interest payment date, the registered owner of record, at the owner's registered address. For a description of payment of principal and interest, transfers, exchanges on the Bonds, which are held in the book-entry-only system, see "Book-Entry-Only System" below. For a description of transfers and exchanges on the Bonds if the Bonds cease to be held in book-entry-only form, see "Transfer Outside Book-Entry-Only System" below.

Book-Entry-Only System

The information in this section has been furnished by The Depository Trust Company, New York, New York ("DTC"). No representation is made by the School District, the Paying Agent or the Underwriters as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the School District, the Paying Agent or the Underwriters to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the School District nor the Paying Agent will have any responsibility or obligation to Direct Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Bonds, or for any principal, premium, if any, or interest payment thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates

the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC System is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and interest and redemption amounts, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed

information from the School District or Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, interest and redemption amounts, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the School District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the School District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

Transfer Outside Book-Entry-Only System

In the event that the book-entry-only system is discontinued, the Paying Agent shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolutions, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Paying Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Paying Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; during the fifteen (15) days immediately preceding the date of mailing of any notice of redemption or any time following the mailing of any notice of redemption, the Paying Agent shall not be required to effect or register any transfer or exchange of any Bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the School District and the Paying Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owners of such Bonds for all purposes under the Resolutions. No transfer or exchange made other than as described above and in the Resolutions shall be valid or effective for any purposes under the Resolutions.

Optional Redemption¹

The Bonds or portions of the Bonds in multiples of \$5,000 maturing on or after November 1, 2036¹, are subject to redemption at the option of the School District in such order as the School District may determine and by lot within any maturity, on any date occurring on or after May 1, 2036¹, at par plus accrued interest to the date fixed for redemption.

Notice of Redemption and Manner of Selection

Notice of redemption of any Bond shall be given not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption by mail to the registered owner at the registered address shown on the registration books kept by the Paying Agent. The Bonds shall be called for redemption in multiples of \$5,000 and Bonds of denominations of more than \$5,000 shall be treated as representing the number of Bonds obtained by dividing the face amount of the Bond by \$5,000 and such Bonds may be redeemed in part. The notice of redemption for Bonds redeemed in part shall state that upon surrender of the Bond to be redeemed a new Bond or Bonds in an aggregate face amount equal to the unredeemed portion of the Bond surrendered shall be issued to the registered owner thereof.

If less than all of the Bonds of any maturity shall be called for redemption prior to maturity, unless otherwise provided, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the

¹ Preliminary, subject to change.

Paying Agent, in the principal amounts designated by the School District. Any Bonds selected for redemption will cease to bear interest on the date fixed for redemption, whether presented for redemption, provided funds are on hand with the Paying Agent to redeem said Bonds. Upon presentation and surrender of such Bonds at the corporate trust office of the Paying Agent, such Bonds shall be paid and redeemed.

So long as the book-entry-only system remains in effect, in the event of a partial redemption the Paying Agent will give notice to Cede & Co., as nominee of DTC, only, and only Cede & Co. will be deemed to be a holder of the Bonds. DTC is expected to reduce the credit balances of the applicable DTC Participants in respect of the Bonds and in turn the DTC Participants are expected to select those Beneficial Owners whose ownership interests are to be extinguished or reduced by such partial redemption, each by such method as DTC or such DTC Participants, as the case may be, deems fair and appropriate in its sole discretion.

TAX PROCEDURES

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value, except as described below. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State of Michigan approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Beginning in 1995, taxable property has two valuations -- State equalized valuation ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, and increased or reduced by the lesser of the inflation rate or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV.

When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local board of review, the Michigan Tax Tribunal, and ultimately to the Michigan appellate courts.

The Michigan Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the county's department of equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Property that is exempt from property taxes, e.g., churches, government property, public schools, is not included in the SEV and Taxable Value data in the Official Statement. Property granted tax abatements under Act 198, Public Acts of Michigan, 1974, amended, is recorded on a separate tax roll while subject to tax abatement. The valuation of tax-abated property is based upon SEV but is not included in either the SEV or Taxable Value data in the Official Statement except as noted. Under limited circumstances, other State laws permit the partial abatement of certain taxes for other types of property for periods of up to 12 years.

LEVY AND COLLECTION OF TAXES FOR PAYMENT OF THE BONDS AND BONDHOLDERS' REMEDIES

The Resolutions authorizing the issuance of the Bonds and State law obligate the School District to levy a tax annually in an amount sufficient so that the estimated collections therefrom, will be sufficient to pay promptly when due the principal of and interest on the Bonds becoming due prior to the time of the next tax levy. The tax levy shall not be subject to limitation as to rate or amount. Taxes for the payment of the principal of or interest on the Bonds are certified for collection each year with the school tax levies. In the event of the failure of the proper officials to certify taxes for the payment of the principal and interest requirements, a timely action in the nature of mandamus could compel certification and collection of adequate taxes.

Registered owners of the Bonds may attempt to obtain a money judgment against the School District for the principal amount of the Bonds or interest not paid when due and may periodically attempt to enforce the collection of the money judgment by requiring the tax assessing officers for the School District to place the amount of such judgment on the next tax rolls of the School District. The rights of the holders of the Bonds and the enforceability thereof are subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement also may be subject to the exercise of judicial discretion in appropriate cases.

SOURCES OF SCHOOL OPERATING REVENUE

On March 15, 1994, the electors of the State of Michigan approved a ballot proposition to amend the State Constitution of 1963, in part, to increase the State sales tax from 4% to 6% as part of a complex plan to restructure the source of funding of public education (K-12) in order to reduce reliance on local property taxes for school operating purposes and to reduce the per pupil finance resource disparities among school districts.

The State school aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation allowance beginning in fiscal year 1994/95. With the passage of Public Act 48 of 2021, the Legislature eliminated the foundation allowance range in 2021/22 that had been in place since the passage of the school finance reform legislation in 1994. In Public Act 15 of 2025 ("PA 15"), the Legislature established a 2025/26 target foundation allowance of \$10,050 per pupil. In the future, the foundation allowance may be adjusted annually by an index based upon the change in revenues to the State school aid fund and change in the total number of pupils statewide. The foundation allowance is funded by locally raised property taxes plus State school aid. The revenues for the State's contribution to the foundation allowance are derived from a mix of taxing sources, including, but not limited to, a statewide property tax of 6 mills on all taxable property¹, a State sales and use tax, a real estate transfer tax and a cigarette tax.

Generally, school districts are required to levy a local property tax of not more than 18 mills or the number of mills levied in 1993 for school operating purposes, whichever is less, on non-homestead properties² in order for the school district to receive its per pupil foundation allowance. An intermediate school district may seek voter approval for up to three enhancement mills for distribution to local constituent school districts on a per pupil basis. Proceeds of the enhancement mills are not counted toward the foundation allowance. The Ottawa Area Intermediate School District levies a 0.8616 mill regional enhancement millage which is distributed to all qualified schools within its boundaries, including the School District, on a per pupil basis. The School District anticipates receiving approximately \$364 per pupil from that millage in 2025/26. Furthermore, school districts whose per pupil foundation allowance in 2025/26 calculates to an amount in excess of \$10,050 are authorized to levy additional millage to obtain the foundation allowance, first by levying such amount of the 18 mills against homestead property³ as is necessary to hold themselves harmless

¹ "Taxable property" in this context does not include industrial personal property.

² "Non-homestead property" includes all taxable property other than principal residence, qualified agricultural property, qualified forestry property, supportive housing property, property occupied by a public school academy, and industrial personal property. Commercial personal property, to the extent not otherwise exempt, is exempt from the first 12 mills of not more than 18 mills levied by school districts.

³ "Homestead property", in this context, means principal residence, qualified agricultural property, qualified forestry property, supportive housing property, property occupied by a public school academy, certain industrial personal property and certain commercial personal property, to the extent not otherwise exempt.

and, if the 18 mills is insufficient, to then levy such additional mills against all property uniformly as is necessary to obtain the foundation allowance. The School District's 2025/26 per pupil foundation allowance does not exceed \$10,050, and the School District does not levy such additional millage.

State aid appropriations and the payment schedule for State school aid may be changed by the Legislature at any time. If the amount appropriated from the State school aid fund exceeds the amount available for expenditure for a fiscal year, in the absence of overriding legislative action by the Legislature, the State School Aid Act subjects most state aid payable to school districts for that fiscal year to an automatic proration on a per pupil basis in an amount necessary to eliminate the portion of the overage attributable to the appropriation to all school districts. See "STATE AID PAYMENTS" in APPENDIX A.

Public Act 120 of 2024 amended the State School Aid Act for the 2024/25 fiscal year, maintaining the School District's foundation allowance from the previous year at \$9,608 per pupil.

PA 15 amended the State School Aid Act for the 2025/26 fiscal year, increasing the School District's foundation allowance to \$10,050 per pupil.

Pursuant to PA 15, the School District may be eligible to receive various categorical grants for specific purposes, such as special education, "at-risk" students, meal programs, early education, career and technical education programs, and other instructional and non-instructional programs. The annual amendments to the State School Aid Act determine the type and amount of those categorical funds. For further information regarding the School District's receipt of categorical funds for the 2024/25 fiscal year, see the School District's audited financial statements in APPENDIX C.

THE SOURCES OF THE SCHOOL DISTRICT'S OPERATING REVENUE DO NOT IMPACT THE TAXING AUTHORITY OF THE SCHOOL DISTRICT FOR PAYMENT OF GENERAL OBLIGATION UNLIMITED TAX SCHOOL BONDS AND DO NOT AFFECT THE OBLIGATION OF THE SCHOOL DISTRICT TO LEVY TAXES FOR PAYMENT OF DEBT SERVICE ON GENERAL OBLIGATION UNLIMITED TAX BONDS OF THE SCHOOL DISTRICT, INCLUDING THE BONDS OFFERED HEREIN.

MICHIGAN PROPERTY TAX REFORM

On November 5, 2013, March 28, 2014, and April 1, 2014, a package of bills amended and replaced legislation enacted in 2012 to phase-out most personal property taxation in Michigan. The bills were contingent on Michigan voters approving a ballot question authorizing a new municipal entity, the Local Community Stabilization Authority ("LCSA"), to levy a local component of the statewide use tax and distribute that revenue to local units of government to offset their revenue losses resulting from the personal property tax reform. On August 5, 2014, voters approved that ballot question.

The bill package, together with the original 2012 legislation, created two new exemptions from the personal property tax. Under the "small taxpayer exemption," the commercial and industrial personal property of each owner with a combined true cash value in a local tax collecting unit of less than \$80,000 became exempt from ad valorem taxes in that collecting unit beginning in 2014, with such threshold being increased by the legislature to a combined true cash value in a local tax collecting unit of less than \$180,000 beginning in 2023. For businesses that do not qualify for the "small taxpayer exemption," all "eligible manufacturing personal property" (personal property used more than 50% of the time in industrial processing or direct integrated support) purchased and placed into service before 2006 or during or after 2013 became exempt beginning in 2016. Taxation on "eligible manufacturing personal property" placed into service after 2006 but before 2013 will be phased-out over time; with the exemption taking effect after the property has been in service for the immediately preceding 10 years. The legislation extends certain personal property tax exemptions and tax abatements for technology parks, industrial facilities and enterprise zones that were to expire after 2012, until the voter approved personal property tax exemptions take effect.

Pursuant to voter approval in August 2014, the legislation also includes a formula to reimburse school districts for 100% of their lost operating millage revenue and lost sinking fund millage revenue. To provide the reimbursement, the legislation reduces the state share of the use tax and authorizes the LCSA to levy a local component of the use tax and distribute that revenue to qualifying local units. However, the

reimbursement for the school district's operating millage will come from the State use tax component, which is deposited into the State school aid fund.¹ While the legislation provides reimbursement for prospective school operating losses, pursuant to legislative changes made in 2020, the School District will be reimbursed for debt millage calculated pursuant to a statutory formula.

LITIGATION

The School District has not been served with any litigation, administrative action or proceeding, and to the knowledge of the appropriate officials of the School District no litigation or administrative action or proceeding has been threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, or questioning or contesting the validity of the Bonds or the proceedings or authorities under which they are authorized to be issued, sold, executed and delivered. A certificate to such effect will be delivered to the Underwriters at the time of the original delivery of the Bonds.

TAX MATTERS

State

In the opinion of Thrun Law Firm, P.C., East Lansing, Michigan ("Bond Counsel"), based on its examination of the documents described in its opinion, under existing State of Michigan statutes, regulations, rulings and court decisions, the Bonds and the interest thereon are exempt from all taxation in the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

Federal

In the opinion of Bond Counsel, based upon its examination of the documents described in its opinion, under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds held by an "applicable corporation" as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code") is included in annual "adjusted financial statement income" for purposes of calculating the alternative minimum tax imposed on an applicable corporation. The opinions set forth in the preceding sentence are subject to the condition that the School District comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The School District has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. Bond Counsel will express no opinion regarding other federal tax consequences with respect to the Bonds.

There are additional federal tax consequences relative to the Bonds and the interest thereon. The following is a general description of some of these consequences but is not intended to be complete or exhaustive and investors should consult with their tax advisors with respect to these matters. Prospective purchasers of the Bonds should be aware that (i) interest on the Bonds is included in the effectively connected earnings and profits of certain foreign corporations for purposes of calculating the branch profits tax imposed by Section 884 of the Code, (ii) interest on the Bonds may be subject to a tax on excess net passive income of certain S Corporations imposed by Section 1375 of the Code, (iii) interest on the Bonds is included in the calculation of modified adjusted gross income for purposes of determining the taxability of social security or railroad retirement benefits, (iv) the receipt of interest on the Bonds by life insurance companies may affect the federal tax liability of such companies, (v) in the case of property and casualty insurance companies, the amount of certain loss deductions otherwise allowed is reduced by a specific percentage of, among other things, interest on the Bonds, (vi) holders of the Bonds may not deduct interest on indebtedness incurred or

¹ A school district that increases its millage rate, without voter approval, to replace debt millage revenue loss would not be eligible to receive reimbursement distributions. Because much of the reimbursement funds are deposited into the State school aid fund, the legislature may, in the future, change the funding formulas in the State School Aid Act of 1979 or appropriate funds therein for other purposes.

continued to purchase or carry the Bonds, and (vii) commercial banks, thrift institutions and other financial institutions may not deduct their costs of carrying certain obligations such as the Bonds.

Original Issue Premium¹

For federal income tax purposes, the initial offering prices to the public (excluding bond houses and brokers) of certain Bonds, as set forth on the cover of this Official Statement, may be greater than the stated redemption prices at maturity (the "Premium Bonds"), and constitutes for the original purchasers of the Premium Bonds an amortizable bond premium. Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of a taxpayer's yield to maturity determined by using the taxpayer's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such Premium Bonds.

Original Issue Discount¹

The initial public offering prices of certain Bonds, as set forth on the cover page of this Official Statement, may be less than the stated redemption prices at maturity (hereinafter referred to as the "OID Bonds"), and, to the extent properly allocable to each owner of such OID Bond, the original issue discount is excludable from gross income for federal income tax purposes with respect to such owner. Original issue discount is the excess of the stated redemption price at maturity of an OID Bond over the initial offering price to the public (excluding bond houses and brokers) at which price a substantial amount of the OID Bonds were sold. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. For an owner who acquires an OID Bond in this offering, the amount of original issue discount that accrues during any accrual period generally equals (i) the issue price of such OID Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity on such OID Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such OID Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such OID Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of an OID Bond would be treated as gain from the sale or exchange of such OID Bond. Owners of OID Bonds should consult with their individual tax advisors to determine whether the application of the original issue discount federal regulations will require them to include, for state and local income tax purposes, an amount of interest on the OID Bonds as income even though no corresponding cash interest payment is actually received during the tax year.

Future Developments

No assurance can be given that any future legislation or clarifications or amendments to the Code or to Michigan statutes, if enacted into law, will not contain proposals which could cause the interest on the Bonds to be subject directly or indirectly to federal or State income taxation, adversely affect the market price or marketability of the Bonds, or otherwise prevent bondholders from realizing the full current benefit of the status of the interest thereon.

Furthermore, no assurance can be given that the impact of any future court decisions will not cause the interest on the Bonds to be subject directly or indirectly to federal or State income taxation, adversely affect the market price or marketability of the Bonds, or otherwise prevent bondholders from realizing the full current benefit of the status of the interest thereon.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

¹ Preliminary, subject to change.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS, INCLUDING THE TREATMENT OF ORIGINAL ISSUE PREMIUM OR ORIGINAL ISSUE DISCOUNT, IF ANY.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale by the School District of the Bonds are subject to the approving opinion of Thrun Law Firm, P.C., East Lansing, Michigan, Bond Counsel. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds, Bond Counsel has made no inquiry as to any financial information, statements or materials contained in any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial information, statements or materials.

Certain legal matters will be passed upon for the Underwriters by their counsel, Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan.

APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY

The School District has received a letter from the Department of Treasury of the State of Michigan stating that the School District is in material compliance with the criteria of the Revised Municipal Finance Act 34, Public Acts of Michigan, 2001, as amended, for a municipality to be granted qualified status. The School District may therefore issue the Bonds without further approval from the Department of Treasury of the State of Michigan.

RATING

S&P Global Ratings, a business unit of Standard and Poor's Financial Services LLC ("S&P") will assign, as of the date of delivery of the Bonds, its municipal bond rating of "A" to the Bonds.

No application has been made to any other ratings service for a rating on the Bonds. The School District furnished to S&P certain materials and information in addition to that provided herein. Generally, rating agencies base their ratings on such information and materials, and on investigations, studies and assumptions. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse affect on the market price of the Bonds. Any ratings assigned represent only the views of S&P. Further information is available upon request from S&P Global Ratings, 55 Water Street, New York, New York 10041, telephone: (212) 438-1000.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated and Raymond James & Associates, Inc. (collectively, the "Underwriters"), have agreed, subject to the terms of the Bond Purchase Agreement, to purchase the Bonds from the School District. The Bond Purchase Agreement provides, in part, that the Underwriters, subject to certain conditions, will purchase from the School District the aggregate principal amount of Bonds for a purchase price as set forth therein. The Underwriters have further agreed to offer the Bonds to the public at the approximate initial offering prices corresponding to the yields as set forth on the cover hereto. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices corresponding to the yields stated on the cover hereto. The offering prices may be changed from time to time by the Underwriters. The aggregate underwriting fee for the Bonds equals _____ percent of the aggregate principal amount of the Bonds.

The Bond Purchase Agreement provides that the obligations of the Underwriters are subject to certain conditions, including, among other things, that (i) no event has occurred which impairs or threatens to impair the validity of the Bonds or the status of the Bonds or the interest thereon as exempt from taxation in the State of Michigan and interest on the Bonds is excluded from gross income for federal income tax purposes (except as described under the heading "TAX MATTERS" herein), and (ii) proceedings relating to the Bonds are not

pending or threatened by the Securities and Exchange Commission. The Bond Purchase Agreement further provides that the School District will provide to the Underwriters, within seven business days of the date of the Bond Purchase Agreement, an electronic copy of the Official Statement to enable the Underwriters to comply with the requirements of Rule 15c2-12(b)(4) under the Securities Exchange Act of 1934, as amended.

Stifel, Nicolaus & Company, Incorporated ("Stifel") and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the School District and to persons and entities with relationships with the School District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the School District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the School District.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the School District.

MUNICIPAL ADVISOR'S OBLIGATION

Baker Tilly Municipal Advisors, LLC (successor to H.J. Umbaugh & Associates, Certified Public Accountants, LLP) (the "Municipal Advisor" or "Baker Tilly") has been retained by the School District to provide certain financial advisory services including, among other things, preparation of the deemed "nearly final" Preliminary Official Statement and the Final Official Statement (the "Official Statements"). The information contained in the Official Statements has been compiled from records and other materials provided by the School District officials and other sources deemed to be reliable. The Municipal Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statements.

The Municipal Advisor's duties, responsibilities and fees arise solely as municipal advisor to the School District and they have no secondary obligations or other responsibility. The Municipal Advisor's fees are expected to be paid from proceeds of the Bonds.

Municipal Advisor Registration

Baker Tilly is a municipal advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, Baker Tilly is providing certain specific municipal advisory services to the School District, but is neither a placement agent to the School District nor a broker/dealer and cannot participate in the underwriting of the Bonds.

The offer and sale of the Bonds shall be made by the School District, in the sole discretion of the School District, and under its control and supervision. The School District has agreed that Baker Tilly does not undertake to sell or attempt to sell the Bonds, and will take no part in the sale thereof.

Other Financial Industry Activities and Affiliations

Baker Tilly Investment Services, LLC ("BTIS") is registered as an investment adviser with the Securities and Exchange Commission ("SEC") under the Federal Investment Advisers Act of 1940. BTIS provides discretionary and non-discretionary investment management services to government and municipal entities. BTIS may provide advisory services to the clients of Baker Tilly.

Baker Tilly Virchow Krause, LLP ("BTVK") is an advisory, tax and assurance firm headquartered in Chicago, Illinois. BTVK and its affiliated entities, have operations in North America, South America, Europe,

Asia and Australia. BTVK is an independent member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms in 47 territories, with 33,600 professionals.

Baker Tilly Capital, LLC ("BTC"), a wholly owned subsidiary of BTVK, is a limited purpose broker/dealer registered with the SEC and member of the Financial Industry Regulatory Authority ("FINRA"). BTC provides merger & acquisition, capital sourcing and corporate finance advisory services. BTC may provide transaction advisory services to clients of Baker Tilly.

Baker Tilly Financial, LLC ("BTF"), a wholly owned subsidiary of BTVK, is a state-registered investment adviser that provides both discretionary and non-discretionary investment advice, investment and pension consulting and portfolio management services to individual and institutional clients. BTF may provide advisory services to the clients of Baker Tilly.

Baker Tilly has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

CONTINUING DISCLOSURE

Prior to delivery of the Bonds, the School District will execute a Continuing Disclosure Agreement (the "Agreement") for the benefit of the holders of the Bonds and the Beneficial Owners (as hereinafter defined under this caption only) to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. "Beneficial Owner" means, under this caption only, any person, which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including any person holding Bonds through nominees, depositories or any other intermediaries). The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Agreement, are set forth in "APPENDIX E: Form of Continuing Disclosure Agreement." Additionally, the School District shall provide certain annual financial information and operating data generally consistent with the information contained within the tables under the headings "Enrollments – Enrollment History," "Labor Relations," "Retirement Plan - Contributions to MPSERS," "History of Valuations – State Equalized Valuation and Taxable Value," "Tax Levies and Collections," "State Aid Payments," "School District Tax Rates (Per \$1,000 of Valuation)," "Largest Taxpayers," "School Bond Qualification and Loan Program," as it relates to the School District's School Loan Revolving Fund balance, if any, and "Direct Debt," in APPENDIX A and General Fund Budget Summary in APPENDIX B.

A failure by the School District to comply with the Agreement will not constitute an event of default under the Resolutions and Beneficial Owners of the Bonds are limited to the remedies described in the Agreement. A failure by the School District to comply with the Agreement must be reported by the School District in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The School District has not, in the previous five years, failed to comply in any material respect with any previous continuing disclosure agreement or undertaking executed by the School District pursuant to the Rule.

OTHER MATTERS

All information contained in this Official Statement, in all respects, is subject to the complete body of information contained in the original sources thereof. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

The School District certifies that to its best knowledge and belief, this Official Statement, insofar as it pertains to the School District and its economic and financial condition, is true and correct as of the date of this Official Statement, and does not contain, nor omit, any material facts or information which would make the statements contained herein misleading.

SCHOOL DISTRICT OF THE CITY OF HOLLAND
COUNTIES OF OTTAWA AND ALLEGAN
STATE OF MICHIGAN

By: _____
Its: Superintendent of Schools

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APPENDIX A¹
SCHOOL DISTRICT DATA

Location and Area

The School District of the City of Holland (the “School District”) is a K-12 school district and encompasses an area of approximately 17 square miles. The School District is located in the southwestern portion of Ottawa County and northwestern Allegan County. The School District includes almost all of the City of Holland and portions of Holland, Park, and Laketown Townships. The City of Holland lies adjacent to Lake Macatawa, and is 27 miles southwest of Grand Rapids.

Population²

The School District’s historical estimated populations within its boundaries are as follows:

2020	36,464
2010	36,507
2000	39,036

The following is a record of the 2010 and 2020 populations for the municipal units that comprise the School District, without regard to the School District boundaries.

	<u>2010</u>	<u>2020</u>	<u>% Change</u>
<i>Ottawa County</i>			
Holland Township	35,636	38,366	7.7%
Park Township	17,802	18,673	4.9
City of Holland	26,035	26,514	1.8
<i>Allegan County</i>			
Laketown Township	5,505	5,928	7.7
City of Holland	7,016	7,730	10.2

Board of Education

The School District is governed by seven elected Board of Education members who serve overlapping six-year terms.

Enrollments

The following tables show total full-time enrollments as of the Fall pupil count day at the School District for the current and past nine years and the 2025/2026 enrollment by grade.

Enrollment History

2025/26	3,047	2020/21	3,223
2024/25	3,117	2019/20	3,418
2023/24	3,125	2018/19	3,524
2022/23	3,058	2017/18	3,669
2021/22	3,138	2016/17	3,774

Projected enrollment for 2026/27 is 3,050 as estimated by the School District.

¹ Unless otherwise noted, the information contained in Appendix A was provided by the School District.

² Sources: U.S. Census of Population.

2025/26 Enrollment by Grade

Kindergarten	235	7 th	212
1 st	199	8 th	218
2 nd	195	9 th	268
3 rd	210	10 th	274
4 th	197	11 th	242
5 th	195	12 th	278
6 th	183	SE Enrollment	<u>141</u>
		TOTAL	<u>3,047</u>

School District Facilities

<u>Facility</u>	<u>Grades Served</u>	<u>Year Constructed</u>	<u>Additions/ Remodeling</u>
<i>Elementary:</i>			
Holland Heights	K-5	1959	1963, 1989, 2012, 2024, 2025
West	K-5	1978	2009, 2014, 2025
Jefferson	K-5	1954	1967, 1990, 2006, 2013
Holland Language Academy	K-5	1954	1967, 1989, 2012
<i>Middle School:</i>			
Holland Middle	6-8	1991	2006, 2012, 2023
<i>High School:</i>			
Holland High	9-12	1961	1991, 2014, 2024
<i>Other Facilities:</i>			
Maintenance/Transportation Facility	N/A	1970	1992, 2023
Longfellow	Various	1951	1954, 1967, 1990, 2012, 2023
Maplewood ECC*	Early Childhood	1967	1990

*Leased to Child Development Services of Ottawa County (Head Start).

Other Schools

The following schools are located within the School District's boundaries:

<u>School</u>	<u>Grades Served</u>
Black River Public School (PSA)	K-12
Calvary Schools of Holland	PreK-12
Holland Christian High School	9-12
Holland Adventist Academy	K-10
Southside Christian School	PreK-2
Vanderbilt Charter Academy	PreK-8
Holland Christian Middle School	7-8
Pine Ridge Christian School	3-6

Labor Relations

<u>Class</u>	<u>Number</u>	<u>Affiliation</u>	<u>Contract Expires</u>
Teachers	237	MEA, Holland Education Association	8/14/2027
GSRP/Shared time teachers	46	Non-Affiliated	N/A
Administrators/Other	22	Non-Affiliated	N/A
Secretarial/Clerical/Maintenance/Transportation/ Food Service	62	MEA/NEA, Support Personnel Assoc.	6/30/2028
Assistants-Instructional/Non- Instructional/ Paraprofessionals/Interpreters	<u>194</u>	Non-Affiliated	N/A
Total	<u>561</u>		

During the past ten years, the School District has not experienced a strike by any of its bargaining units.

Retirement Plan

For the period October 1 through September 30, the School District pays an amount equal to a percentage of its employees' wages to the Michigan Public School Employees Retirement System ("MPERS"), which is a statewide retirement plan for employees of Michigan public schools administered by the State of Michigan. These contributions are established and required by law and are calculated by using the contribution rates as determined annually by the State.

Public Act 75 of 2010 ("Act 75") significantly modified MPERS and among other provisions required all employees hired after July 1, 2010, to participate in a new Pension Plus Plan which provides a combined defined benefit and defined contribution benefit structure. Public Act 92 of 2017 ("Act 92") further modified MPERS for all employees hired on or after February 1, 2018. Act 92 requires all employees hired on or after February 1, 2018, to elect to participate in a new 401(k) style defined contribution plan or a new hybrid plan with different assumptions and cost sharing.

Contributions to MPERS

<u>Fiscal Year Ending June 30</u>	<u>Contribution to MPERS¹</u>
2026 (est.)	\$13,060,000(est.)
2025	12,680,000
2024	12,878,000
2023	11,695,518
2022	9,637,071

Note: GASB Statement 68 requires all reporting units in a multi-employer cost sharing pension plan to record a balance sheet liability for their proportionate share of the net pension liability of the plan. The School District implemented GASB 68 in its year ended June 30, 2015, audited financial statements. Please refer to the audit for the pension liability.

Other Post-Employment Benefits

MPERS is a cost-sharing, multi-employer, statewide plan. Pension benefits and retiree health benefits are established by law and funded through employer contributions. The cost of retiree benefits is funded annually on a pay-as-you-go basis, with retirees paying some of the costs. Current year liability for retiree health benefits is reflected in the figures provided above. Further information regarding MPERS, including retiree health benefits, can be found at www.michigan.gov/orsschools.

¹ Sources: Audited Financial Statements and School District.

GENERAL FINANCIAL INFORMATION

Assessed Valuations¹

Taxable property in the School District is assessed by the respective municipal assessors and is subject to review by the County Equalization Departments. Tax levies on property in Michigan are applied against the taxable value of all property on the ad valorem tax roll as finally equalized by the State of Michigan.

In accordance with Act 539, Public Acts of Michigan, 1982, as amended, and Article IX, Section 3, of the 1963 Michigan Constitution, the ad valorem state equalized valuation ("SEV") represents 50 percent of true cash value. SEV does not include any value of tax-exempt property (e.g. churches, governmental property and public schools) or property granted tax abatements under Act 198, Public Acts of Michigan, 1974, as amended. The assessed values of Industrial Facilities Tax (IFT) properties are maintained on a separate tax roll. Beginning in 1994, ad valorem property taxes are levied on the basis of taxable value, which is subject, in the case of some property, to assessment caps.

The following tables show a history of assessed valuations for the School District and an analysis of the 2025 taxable value by class and by municipal unit.

History of Valuations – State Equalized Valuation and Taxable Valuation^{1,2,3}

	<u>State Equalized Valuation</u>	<u>Taxable Valuation</u>
2025	\$3,049,111,754	\$2,000,059,949
2024	2,732,266,233	1,869,517,793
2023	2,386,610,250	1,717,633,279
2022	2,161,418,100	1,603,792,296
2021	2,028,700,400	1,506,156,778

2025 Taxable Value by Class^{1,2}

	<u>Taxable Value</u>	<u>% of Total Taxable Value</u>
Agricultural	\$1,061,698	0.05%
Commercial	440,395,048	22.02
Industrial	112,813,982	5.64
Residential	1,383,668,239	69.18
Developmental	238,882	0.02
Commercial Personal	42,812,500	2.14
Utility Personal	4,775,700	0.24
Industrial Personal	<u>14,293,900</u>	<u>0.71</u>
Total	<u>\$2,000,059,949</u>	<u>100.00%</u>

¹ See "MICHIGAN PROPERTY TAX REFORM" herein for information regarding changes to certain tax classifications effective in the 2014 and 2016 tax years.

² Sources: Ottawa and Allegan County Equalization Departments.

³ The School District's debt millage is levied on the taxable valuation plus the IFT equivalent taxable valuation.

2025 Taxable Valuation by Municipal Unit^{1,2,3}

<u>Name of Unit</u>	<u>Homestead</u> ¹	<u>Non-Homestead</u> ³	<u>Total Taxable Valuation</u>	<u>% of Total Valuation</u>
<i>Ottawa County</i>				
Holland Township	\$8,194,198	\$29,901,973	\$38,096,171	1.91%
Park Township	112,810,220	92,693,434	205,503,654	10.27
City of Holland	680,293,332	475,188,133	1,155,481,465	57.77
<i>Allegan County</i>				
Laketown Township	163,885,782	82,438,803	246,324,585	12.32
City of Holland	<u>186,367,874</u>	<u>168,286,200</u>	<u>354,654,074</u>	<u>17.73</u>
Total	<u>\$1,151,551,406</u>	<u>\$848,508,543</u>	<u>\$2,000,059,949</u>	<u>100.00%</u>

Industrial Facilities Tax (IFT) Valuation¹

Under the provisions of Act 198 of the Public Acts of Michigan, 1974, as amended ("Act 198"), plant rehabilitation districts and/or industrial development districts may be established. Businesses in these districts are offered certain property tax incentives to encourage restoration or replacement of obsolete facilities and to attract new facilities to the area. An industrial facilities tax ("IFT") is paid, at a lesser effective rate and in lieu of ad valorem property taxes, on such facilities for a period of up to 12 years. Qualifying facilities are issued abatement certificates for specific periods.

After expiration of the abatement certificate, the then-current SEV of the facility is returned to the ad valorem tax roll. The owner of such facility may obtain a new certificate, provided it has complied with the provisions of Act 198. The 2025 Taxable Value for the properties which have been granted IFT abatements within the School District's boundaries is \$45,127,142, which is taxed at one-half rate of the total IFT valuations.

As part of the phase-out of Michigan's property tax on personal property, if a facility and personal property within that facility is subject to an industrial facilities exemption on December 31, 2013, that property would continue to be subject to the industrial facilities tax until the expiration of said tax at which time the property tax exemption would remain intact until the "eligible personal property" is exempt under the new law. See "MICHIGAN PROPERTY TAX REFORM" herein.

Tax Increment Authorities

The Recodified Tax Increment Financing Act, Act 57 of the Public Acts of Michigan, 2018 (the "RTIFA Act") authorizes the designation of specific districts known as Tax Increment Finance Authority ("TIFA") Districts, Downtown Development Authority ("DDA") Districts, Local Development Finance Authority ("LDFA") Districts and Act 381 of the Public Act of Michigan, 1996, as amended (the "Brownfield Act") authorizes the designation of specific districts known as Brownfield Redevelopment Authority ("BRDA") Districts (each a "TIF District"). These two acts authorize the formulation of tax increment financing plans for public improvements, economic development, neighborhood revitalization, historic preservation and environmental cleanup within the TIF Districts.

Tax increment financing permits the TIFA, DDA, LDFA, and BRDA Districts to capture tax revenues attributable to increases in value of real and personal property located within an approved development area while any tax increment financing plans by an established TIF District are in place. These captured revenues are used by the TIF District and are not passed on to the local taxing jurisdictions. There is one DDA District within the School District and property within it has a 2025 Taxable Value of \$180,079,341 and a captured value of \$172,680,365. Additionally, there are multiple BRDA Districts within the School District which have a net 2025 Taxable Value of \$100,482,805.

¹ Sources: Ottawa and Allegan County Equalization Departments.

² See "MICHIGAN PROPERTY TAX REFORM" herein for information regarding changes to certain tax classifications effective in the 2014 and 2016 tax years.

³ Until 2008 all personal property was included in non-homestead valuations. Beginning in 2008, all industrial personal property is included in the homestead tax base. While commercial personal property continues to be included in the non-homestead tax base, it is exempt from the first 12 mills levied on non-homestead property only.

Tax Levies and Collections

The School District's fiscal year begins July 1 and ends June 30. School District property taxes are due July 1 and December 1 of each fiscal year and are payable without interest on or before the following September 14 and February 14, respectively, in all townships, and on or before August 15 in the City of Holland. All real property taxes remaining unpaid on March 1st of the year following the levy are turned over to the County Treasurers for Collection. Ottawa and Allegan Counties (the "Counties") annually pay from their Tax Payment Funds delinquent taxes on real property to all taxing units in the Counties, including the School District, shortly after the date delinquent taxes are returned to the County Treasurers for collection. The payments from these funds have resulted in collections of taxes approaching 100% for all taxing units. Delinquent personal property taxes are negligible. To date, the Counties have purchased and paid from their Tax Payment Funds the delinquent taxes on all real property of all taxing units in the Counties. The decision to make such payments is determined on an annual basis by the Counties. There is no guarantee that the payments will continue in future years. If the delinquent taxes which are due and payable to the Counties are not received by the Counties for any reason, the Counties have full rights of recourse against the School District to recover the amount of uncollected delinquent taxes, together with interest thereon, at the rate of one percent per month or fraction of a month until repaid to the Counties by the School District.

A history of the operating tax levies and collections for the School District is as follows:

School Year	Operating Tax Levy	Current Collections to March 1, Each Year		Collections Plus Funding to June 30, Each Year	
2025/26	\$14,180,675	In process of collections		In process of collections	
2024/25	13,387,700	\$13,020,036	97.25%	\$13,222,109	98.76%
2023/24	11,985,000	11,808,696	98.53	11,926,839	99.51
2022/23	11,418,010	11,099,163	97.21	11,399,808	99.84
2021/22	10,797,879	10,674,648	98.86	10,797,879	100.00

State Aid Payments

The School District’s primary source of funding for operating costs is the State aid foundation allowance per pupil. The target foundation allowance for all school districts in the State of Michigan is \$10,050 per pupil for fiscal year 2025/26. In future years, this allowance may be adjusted by an index based upon the change in revenues to the State school aid fund and the change in the total number of pupils statewide. See “SOURCES OF SCHOOL OPERATING REVENUE” herein for additional information.

The following table shows a history of the School District’s Blended Pupil Count, Foundation Allowance Per Pupil and Total State Aid Payments including categoricals.

<u>Year</u>	<u>Blended Pupil Count</u>	<u>Foundation Allowance Per Pupil</u>	<u>Total State Aid Payments</u>
2025/26	3,048.00	\$10,050	\$33,810,272 (est.)
2024/25	3,125.00	9,608	32,825,507
2023/24	3,101.00	9,608	32,254,598
2022/23	3,130.00	9,150	29,374,220
2021/22	3,145.00	8,700	24,117,154

School District Tax Rates (Per \$1,000 of Valuation)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating – Non-Homestead ¹	18.0000	18.0000	18.0000	18.0000	18.0000
Sinking Fund ²	1.1486	1.1667	1.1819	1.1819	1.2008
Debt ³	<u>4.7300</u>	<u>4.7300</u>	<u>4.7300</u>	<u>4.7300</u>	<u>4.7300</u>
Total Non-Homestead	23.8786	23.8967	23.9119	23.9119	23.9308

Other Tax Rates (Per \$1,000 of Valuation)⁴

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000
Allegan County	6.9663	6.9902	6.9630	6.9483	6.3161
Ottawa County	5.3685	5.3842	5.3984	5.3984	5.4156
City of Holland	14.8192	15.0492	13.8692	13.8692	13.8692
Herrick District Library	1.3712	1.3919	1.4091	1.4091	1.4290
City of Holland DDA	1.5868	1.5907	1.5907	1.5907	1.5907
Holland Area Pool	1.8018	1.8172	0.9505	2.0105	2.0858
Ottawa Area ISD	6.3164	6.0962	6.1546	6.1546	6.2245

¹ The School District levies voted operating millage on non-homestead property (all taxable property other than principal residences, qualified agricultural property, qualified forestry property, supportive housing property, property occupied by a public school academy and industrial personal property), provided that the levy on the portion of non-homestead property constituting commercial personal property will be exempt from the first 12 mills of the millage rate. The current operating millage expires in 2028.

² The current Sinking Fund millage expires in 2026 and is levied on all taxable property. The board of education of the School District has authorized a replacement sinking fund millage of 1.25 mills to be placed on the May 2026 ballot for voter consideration.

³ The current debt millage rate is levied on all taxable property.

⁴ Sources: Ottawa and Allegan County Equalization Departments.

Largest Taxpayers¹

Shown below are the ten largest identifiable taxpayers in the School District based on their 2025 taxable valuations. The taxpayers listed below represent 7.66% of the School District's 2025 Taxable Valuation of \$2,000,059,949.

<u>Taxpayer</u>	<u>Product or Service</u>	2025 <u>Valuation</u>	Equivalent <u>IFT*</u>	<u>Taxable Value</u>
Arc Holland Real Estate Holdings	Retirement home	\$39,015,949		\$39,015,949
Shoreline Flats	Real Estate	27,402,337		27,402,337
Haworth Inc	Furniture	22,332,480		22,332,480
Lumir LLC	Land Holding	15,683,300		15,683,300
Holland Waverly LLC	Shipping	14,391,552		14,391,552
Hudsonville Creamery & Ice Cream	Food Service	-	\$13,047,898	13,047,898
Meijer Realty Co	Real Estate	9,385,539		9,385,539
Hotel Holdings Holland DTW LLC	Hotel	8,839,333		8,839,333
Semco Energy Inc	Utility	8,308,400		8,308,400
Geenen Dekkock Properties LLC	Real Estate	<u>7,900,753</u>		<u>7,900,753</u>
TOTAL		<u>\$153,259,643</u>	<u>\$13,047,898</u>	<u>\$166,307,541</u>

*The School District collects debt tax revenues at full rate on the equivalent IFT valuations.

Debt History

The School District has no record of default on its obligations.

Future Financing

The School District does not anticipate issuing additional capital financing bonds in the next 12 months. The School District has a remaining authorization of \$27,825,000 from the August 2025 voter authorization that it plans to issue within the next 2 years.

School Bond Qualification and Loan Program²

As of February 26, 2026, the School District does not have an outstanding balance in the School Bond Loan Fund or the School Loan Revolving Fund.

Direct Debt (as of February 26, 2026)

6/30/10	2010 School Building and Site Bonds, Series A (UTQ)	\$3,525,000
6/30/21	2021 Building & Site Bonds, Series I (UTQ)	20,575,000
5/04/23	2023 Building & Site Bonds, Series II (UTQ)	35,510,000
3/27/24	2024 Refunding Bonds (UTNQ)	28,060,000
3/20/25	2025 Building & Site Bonds, Series III (UTQ)	<u>6,355,000</u>
Direct Debt		94,025,000
Plus:	2026 Building & Site Bonds, Series I (UTNQ)	<u>21,400,000*</u>
	NET DIRECT DEBT (as of date of delivery)	<u>\$115,425,000*</u>

¹Sources: Ottawa County Equalization Dept., Laketown Township and City of Holland.

²Source: Michigan Department of Treasury.

Overlapping Debt (as of February 26, 2026)¹

<u>% Applicable</u>	<u>Municipality</u>	<u>Amount Outstanding</u>	<u>School District Share</u>
88.78	City of Holland (Allegan)	\$90,628,240	\$80,459,751
1.90	Holland Township (Ottawa)	13,444,542	255,446
38.57	Laketown Township (Allegan)	534,575	206,186
12.37	Park Township (Ottawa)	1,989,658	246,121
8.08	Allegan County	17,957,395	1,450,958
8.33	Ottawa County	74,121,727	6,174,340
10.32	Ottawa Area I/S/D	23,375,000	2,412,300
100.00	Holland Area Swimming Pool Authority	18,245,000	<u>18,245,000</u>
Net overlapping debt in the School District			<u>\$109,450,102</u>
NET DIRECT AND OVERLAPPING DEBT			<u>\$224,875,102*</u>

Debt Ratios*

2025 State Equalized Valuation (SEV)	\$3,049,111,754
2025 Taxable Valuation	\$2,000,059,949
2020 Population	36,464
Direct Debt (Including New Issue)	\$115,425,000
Direct/Overlapping Debt	\$224,875,102
Direct Debt Per Capita	\$3,165
Direct/Overlapping Debt Per Capita	\$6,167
Per Capita 2025 SEV	\$83,620
Ratio of Direct Debt to 2025 SEV	3.79%
Ratio of Direct/Overlapping Debt to 2025 SEV	7.38%
Per Capita 2025 Taxable Valuation	\$54,850
Ratio of Direct Debt to 2025 Taxable Valuation	5.77%
Ratio of Direct/Overlapping Debt to 2025 Taxable Valuation	11.24%

Legal Debt Margin*

2025 State Equalized Valuation	\$3,049,111,754
Debt Limit (15% of 2025 State Equalized Valuation)	457,366,763
Debt Outstanding	\$115,425,000
Less bonds not subject to Debt Limit ²	<u>(65,965,000)</u>
Total Subject to Debt Limit	<u>(49,460,000)</u>
Additional Debt Which Could Be Legally Incurred	<u>\$407,906,763</u>

*Preliminary, subject to change.

¹ Source: Municipal Advisory Council of Michigan.

² Section 1351(3) of Act 451, Public Acts of Michigan, 1976, as amended, provides that bonds not included in the computation of the legal debt margin are (1) any bond qualified under Article IX, Section 16, of the Michigan Constitution of 1963, and (2) deficit budget bonds authorized under Section 1356. In addition, Section 605 of Act 34, Public Acts of Michigan, 2001, as amended, provides, in relevant part, that debt evidenced by a refunding security shall not be deemed to be within any statutory or charter limitation of outstanding debt limit.

ECONOMIC PROFILE

The School District is located in southwestern Ottawa and northwestern Allegan Counties. The School District is primarily residential in nature.

The School District is located the following distances from these cities:

- 27 miles southwest of Grand Rapids
- 35 miles south of Muskegon
- 53 miles northwest of Kalamazoo
- 90 miles west of Lansing

Unemployment¹

The following table shows the historical annual average unemployment rates (not seasonally adjusted) for Allegan County, Ottawa County, and the State of Michigan.

	<u>Allegan County</u>	<u>Ottawa County</u>	<u>State of Michigan</u>
2025, Dec.	4.4%	3.9%	4.8%
2024	4.2	3.8	4.7
2023	3.6	3.2	3.9
2022	3.8	3.3	4.2
2021	4.7	4.1	5.7
2020	7.8	7.2	10.0

¹ Source: State of Michigan Office of Labor Market Information.

Major Employers:

<u>Company</u>	<u>Product or service</u>	<u>Approximate # of employees</u>
<i>City of Holland (300 or more)¹</i>		
Haworth, Inc.	Mfg. office furniture	1,839
LG Chem Michigan Inc.	Energy	1,782
Holland Community Hospital	Healthcare	1,399
Challenge Mfg. Company	Automotive	857
Hope College	Education	724
Tiara Yachts	Boats	695
Yanfeng Int Automotive	Automotive	615
School District of the City of Holland	Education	561
City of Holland / HBPW	Government	407
Benteler Aluminum Systems	Auto parts	330
<i>Ottawa County (300 or more)²</i>		
Fletcher Wood Solutions, Inc.	Accounting and tax preparation	1,419
Boar's Head Provisions Co., Inc.	Mfg. processed meats	1,070
Millerknoll, Inc.	Mfg. furniture	994
Grand Valley State University	Education	898
West Ottawa Schools	Education	900
Magna Mirrors of America, Inc.	Mfg. glass products	800
Grand Haven Area Public Schools	Education	776
Ottawa County	County government	629
GHSP, Inc.	Motor vehicle parts mfg.	350
Request Foods, Inc.	Mfg. frozen entrée meals	330
<i>Allegan County (350 or more)³</i>		
Perrigo Co.	Mfg. pharmaceutical products	4,100
JBS	Meat processing	1,300
Gun Lake Casino	Gaming, dining, and entertainment	1,000
Yanfeng	Mfg. overhead conveyor	700
Allegan County	County government	650
Challenge Manufacturing	Mfg. automotive welded assemblies	638
Padagis US LLC	Residential and commercial building construction	628
S2 Yacht's, Inc.	Boat building and repairs	625
Allegan Public Schools	Education	390
Otsego Public Schools	Education	374

¹ Per the City of Holland Audit.

² Per D&B Hoovers.

³ Per Allegan County.

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APPENDIX B

SCHOOL DISTRICT OF THE CITY OF HOLLAND

**General Fund Budget Summary
Fiscal Year Ending June 30, 2026**

<u>REVENUES</u>	Amended <u>2025/26</u>
Local Sources	\$15,105,015
State Sources	34,864,825
Federal Sources	2,650,419
Other Financing Sources	<u>9,006,211</u>
TOTAL REVENUES	<u>\$61,626,470</u>
<u>EXPENDITURES</u>	
Instruction	
Basic Programs	\$23,212,146
Added Needs	12,344,786
Support Services	
Pupil	7,305,912
Instructional Staff	3,949,646
General Administration	637,628
School Administration	2,771,798
Business Services	905,212
Operations and Maintenance	4,635,365
Transportation	1,693,933
Other Central Support	1,608,118
Athletics	1,077,758
Community Services	<u>2,904,523</u>
TOTAL EXPENDITURES	<u>\$63,046,825</u>
Excess of Revenues Over (Under) Expenditures	(1,420,355)
Fund Balance - July 1	<u>9,398,313</u>
Estimated Fund Balance - June 30	<u>\$7,977,957</u>

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The School District has not obtained the written consent of its auditor for the inclusion of the portions of the annual financial report contained in this Official Statement. Therefore, the auditor has not conducted a post-audit review of such information.



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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Holland Public Schools

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holland Public Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Holland Public Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Holland Public Schools, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Holland Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 12 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Holland Public Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Holland Public Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Holland Public Schools' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Holland Public Schools' basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2025 on our consideration of Holland Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Holland Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Holland Public Schools' internal control over financial reporting and compliance.

October 14, 2025

**HOLLAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

This section of the Holland Public Schools ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2025. Please read it in conjunction with the District's financial statements which immediately follow this section.

District-Wide Financial Statements

The first two statements are district-wide financial statements that provide short-term and long-term financial information about the District's overall financial status. These statements are required by generally accepted accounting principles (GAAP) as described in the Government Accounting Standards Board (GASB) Statement No. 34. The statements are compiled using the full accrual basis of accounting and more closely represent financial statements presented by business and industry. All of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short- and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt and other long-term obligations of the District resulting in total net position.

Over time, increases or decreases in the District's net position is one indicator of whether its financial position is improving or deteriorating. To assess the District's overall financial health, one should consider additional factors which may include the State's and/or region's economic condition, changes in the District's property tax base, and age and condition of its capital assets.

Fund Financial Statements

For the most part, the fund financial statements are comparable to financial statements for the previous fiscal year. The fund level statements are reported on a modified accrual basis in that only those assets that are deemed "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The formats of the fund statements comply with requirements of the Michigan Department of Education's "Accounting Manual". In the state of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds categorized as Special Revenue, Debt Service, and Capital Projects Funds.

In the fund financial statements, capital assets purchased are considered expenditures in the year of acquisition with no asset being reported. The issuance of debt is treated as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

**HOLLAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Summary of Net Position

The following schedule summarizes the net position for the fiscal years ended June 30, 2025 and 2024:

	2025	2024*
ASSETS		
Current and other assets	\$ 81,145,335	\$ 87,148,057
Net other postemployment benefits asset	11,158,699	1,319,367
Capital assets	89,193,732	71,669,428
TOTAL ASSETS	181,497,766	160,136,852
DEFERRED OUTFLOWS OF RESOURCES	31,848,609	27,997,317
LIABILITIES		
Long-term debt outstanding	109,616,580	105,996,818
Other liabilities	15,020,535	12,104,908
Net pension liability	60,236,159	68,324,620
TOTAL LIABILITIES	184,873,274	186,426,346
DEFERRED INFLOWS OF RESOURCES	39,512,358	30,084,319
NET POSITION		
Net investment in capital assets	21,939,947	17,053,306
Restricted	24,391,264	12,225,607
Unrestricted	(57,370,468)	(57,655,409)
TOTAL NET POSITION	\$ (11,039,257)	\$ (28,376,496)

*The 2024 numbers have not been updated for the adoption of GASB 101.

**HOLLAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Analysis of Financial Position

During the fiscal year ended June 30, 2025, the District's net position increased by \$17,973,846. A few of the more significant factors affecting net position during the year are discussed below:

➤ Cash Equivalents, Deposits, and Investments

At June 30, 2025, the District's cash equivalents, deposits and investments amounted to \$73,134,561. This represented a decrease of \$232,473 from the previous year, primarily due to capital outlay spending on the 2021 and 2023 bonds offset by an increase in restricted state and federal funding and proceeds from the 2025 bond.

➤ Capital Outlay Acquisitions

For the fiscal year ended June 30, 2025, \$21,185,691 of expenditures were recorded as assets of the District, including \$18,805,539 of assets added to construction in progress, and \$138,600 of new right to use - subscription-based IT arrangements. The District also placed into service \$7,121,043 of prior years' construction in progress. These additions to the District's capital assets will be depreciated/amortized over time as explained below.

The net effect of the new capital assets, assets disposed of during the fiscal year, and the current year's depreciation/amortization is a net increase to capital assets in the amount of \$17,524,304 for the fiscal year ended June 30, 2025.

➤ Depreciation/Amortization Expense

GASB 34 requires school districts to maintain records of annual depreciation/amortization expense and the accumulation of depreciation/amortization expense over time. The net increase in accumulated depreciation/amortization expense is a reduction in the net position.

➤ Bonded Debt

For the fiscal year ended June 30, 2025, the District's bonded debt increased by \$3,015,405. During the fiscal year, the District issued \$7,230,000 in new bonds and made \$3,620,000 in principal payments on existing debt. At fiscal year-end, approximately \$108.4 million was outstanding with \$8.2 million due within one year.

➤ Accumulated Compensated Absences

At June 30, 2025, the District had an obligation to employees for the portion of unearned compensated absences that they would be entitled to upon separation in the amount of approximately \$1,189,000.

**HOLLAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Results of Operations

For the fiscal years ended June 30, 2025 and 2024, the results of operations, on a district-wide basis, were:

	Fiscal Year Ended June 30, 2025		Fiscal Year Ended June 30, 2024*	
	Amount	%	Amount	%
REVENUES				
General revenues				
Property taxes	\$ 24,664,776	31.2%	\$ 22,278,187	29.2%
State sources, unrestricted	16,964,872	21.5%	18,493,204	24.2%
Investment earnings	2,178,362	2.8%	3,652,091	4.8%
Other	242,879	0.3%	63,740	0.1%
Total general revenues	44,050,889	55.8%	44,487,222	58.3%
Program revenues				
Charges for services	385,081	0.5%	290,330	0.4%
Operating grants and contributions	34,534,340	43.7%	31,522,711	41.3%
TOTAL REVENUES	78,970,310	100.0%	76,300,263	100.0%
EXPENSES				
Instruction	29,935,806	49.1%	28,888,332	49.4%
Support services	21,466,941	35.2%	20,398,512	34.8%
Community services	2,285,384	3.8%	2,503,308	4.3%
Food services	2,505,965	4.1%	2,612,332	4.5%
Student/school activities	443,219	0.7%	447,007	0.7%
Interest on long-term debt	4,359,149	7.2%	3,680,474	6.3%
TOTAL EXPENSES	60,996,464	100.0%	58,529,965	100.0%
Change in net position	\$ 17,973,846		\$ 17,770,298	

*The 2024 numbers have not been updated for the adoption of GASB 101.

**HOLLAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Analysis of Significant Revenues and Expenses

Significant revenues and expenditures are discussed in the segments below:

➤ **Property Taxes**

The District levied 18.00 mills, after the impact of the required "Headlee" millage reduction, of property taxes for operations on non-principal residence exempt property for the 2024 tax year. According to Michigan law, the tax levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of increase in the prior year's Consumer Price Index or 5%, whichever is less. At the time that property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is one half of the property's market value. At June 30, 2025, there were no unpaid property taxes.

➤ **State Sources**

The majority of the unrestricted state sources of revenues is comprised of the per student foundation allowance. The State of Michigan funds school districts based on a blended student enrollment. For the 2024-2025 fiscal year, the District received \$9,608 per student full time equivalent. The student foundation allowance amount remained the same when compared to the 2023-2024 fiscal year.

➤ **Operating Grants and Contributions**

The District receives a significant portion of its operating revenue from categorical grants. For the fiscal year ended June 30, 2025, federal, state, and other grants amounted to \$34,534,340. This represents a 9.55% increase over the \$31,522,711 received for the 2023-2024 fiscal year. The increase in revenue is primarily due to grants restricted state categorical funding.

Comparative Expenditures

A comparison of the expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances is shown below:

	2024 - 2025	2023 - 2024	Increase (Decrease)
EXPENDITURES			
Instruction	\$ 34,763,217	\$ 32,463,478	\$ 2,299,739
Supporting services	24,143,744	21,975,175	2,168,569
Community services	2,643,989	2,817,807	(173,818)
Food service activities	2,587,061	2,689,749	(102,688)
Student/school activities	443,219	447,007	(3,788)
Capital outlay	21,433,638	9,189,200	12,244,438
Debt service	8,118,228	7,843,160	275,068
TOTAL EXPENDITURES	\$ 94,133,096	\$ 77,425,576	\$ 16,707,520

**HOLLAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

General Fund Budgetary Highlights

The Uniform Budgeting Act of the State of Michigan requires that the local Board of Education approve the annual operating budget prior to the start of the fiscal year on July 1. Any amendments to the original budget must be approved by the Board prior to the close of the fiscal year on June 30, 2025.

The following schedule shows a comparison of the original general fund budget, the final amended budget, and actual totals from operations for the fiscal year ending June 30, 2025.

	Original Budget	Final Budget	Actual	Final Variance with Budget	% Variance
Total revenues	\$ 57,951,000	\$ 62,153,504	\$ 61,454,168	\$ (699,336)	-1.13%
Expenditures					
Instruction	\$ 34,202,900	\$ 35,839,209	\$ 34,763,217	\$ 1,075,992	3.00%
Supporting services	22,944,800	24,578,806	24,143,744	435,062	1.77%
Community services	2,774,100	2,736,353	2,643,989	92,364	3.38%
Total expenditures	\$ 59,921,800	\$ 63,154,368	\$ 61,550,950	\$ 1,603,418	2.54%
Other financing sources (uses)	\$ -	\$ (175,000)	\$ (57,005)	\$ 117,995	-67.43%

The original budget adopted by the Board in June 2024 was amended twice during the year. The amendments, approved in January and June 2025, reflected necessary changes to both revenues and expenditures based on projections made by the Finance Director.

Capital Asset and Debt Administration

Capital Assets

By the end of the 2024-2025 fiscal year, the District had invested approximately \$154.1 million as the original cost in a broad range of capital assets, including land, school buildings and facilities, school buses and other vehicles, right to use - subscription-based IT arrangements, and equipment. This represents a net increase of \$19,789,006 over the prior fiscal year. Depreciation/amortization expense for the year amounted to \$3,516,197, bringing the accumulated depreciation/amortization to approximately \$65.0 million as of June 30, 2025.

	Cost	Accumulated Depreciation/Amortization	2025 Net Book Value	2024 Net Book Value
Land	\$ 513,275	\$ -	\$ 513,275	\$ 513,275
Construction in progress	21,661,157	-	21,661,157	9,976,661
Land improvements	7,834,891	5,130,546	2,704,345	3,015,911
Buildings and improvements	104,635,856	45,453,379	59,182,477	54,473,601
Furniture and equipment	16,231,018	11,984,552	4,246,466	2,702,504
Vehicles	2,579,284	2,142,090	437,194	532,115
Right to use - subscription-based IT	692,904	244,086	448,818	455,361
Total	\$ 154,148,385	\$ 64,954,653	\$ 89,193,732	\$ 71,669,428

**HOLLAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Long-term Obligations

At June 30, 2025, the District had approximately \$108.4 million in long-term obligations comprised of outstanding bonded debt. The bonded debt obligations increased during the year with \$7,230,000 of new debt being issued, and \$3,620,000 in debt principal repayments. In addition to the bonded debt, the District has obligations for compensated absences estimated at approximately \$1,189,000.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- After 28 years since Proposal A of 1994 was passed in Michigan, the State's goal of closing the funding gap was achieved with the 2021-22 State Aid Act, bringing the lowest funded districts up to the base per pupil foundation allowance set at \$9,608 for the 2023-24 school year. This stayed flat for the 2024-25 school year, and to date the State of Michigan has not approved a budget for 2025-26 school year. Federal budgets also remain in limbo at this time.
- With the expected continuation of declining enrollment levels and rising costs in many areas including employee wages, employee health insurance, retirement contribution costs, and utilities, District administration continues to be diligent in its efforts to maintain a reasonable level of reserves (fund balance). Measures to accomplish this include, but are not limited to, restructuring space utilization to match current and projected enrollment levels, cooperative agreements with Ottawa Area Intermediate School District as well as neighboring public and parochial schools, and strategic changes to how the District handles its non-instructional support services.
- In September 2012, the Governor signed P.A. 300 of 2012 - MPSERS Reform into law. This bill is the first step by the lawmakers to reform the Michigan Public Schools Employee Retirement System (MPSERS) in order to make it affordable and sustainable into the future. This law requires current school employees to make choices regarding their pension and retiree healthcare which could impact the District's and employee's contributions. It also sets the stage for addressing the ever-growing unfunded liability that MPSERS is facing. To date, these efforts have worked to reduce the unfunded liability on a state-wide basis. This remains in question with the lack of a budget passed for 2025-26.
- On May 4, 2021, the District asked voters to consider a building and site bond proposal to address current and future capital needs. Holland's voters again voiced their support for its public schools in supporting the requested bond issue. As such, the District is using the bond resources along with the existing sinking fund tax levy to provide a safe and appropriate environment for its students, staff, and the Holland community. These resources will help improve and maintain the building and grounds, provide for safety and security, modernize instructional technology capabilities, and ensure proper equipment and transportation needs are addressed now and in the future.

**HOLLAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Factors Bearing on the District's Future (continued)

- In the summer of 2025, the District entered into a collective bargaining agreement with its teachers. There was a significant increase to salaries in that agreement. The contract runs through the 2026-27 school year and provides for annual increases for the teaching staff. Administration believes that this agreement allows the district to remain competitive in attracting talented staff while still providing financial predictability which improves multi-year financial planning.
- On August 5th, 2025, the District asked voters to consider a building and site bond proposal to address current and future capital needs. Holland's voters again voiced their support for its public schools in supporting the requested bond issue. As such, the District is using the bond resources to provide a safe and appropriate environment for its students, staff, and the Holland community. These resources will help improve and maintain the building and grounds, provide for safety and security, modernize instructional technology capabilities, and ensure proper equipment and transportation, and give Holland Athletics its first ever home facility for football.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional information, please contact the Finance Director at Holland Public Schools, 320 W. 24th Street, Holland, MI 49423.

BASIC FINANCIAL STATEMENTS

**HOLLAND PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2025**

**HOLLAND PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 5,214,780
Investments	21,756,670
Receivables	
Accounts	75,227
Intergovernmental	7,715,195
Inventories	4,738
Prepays	215,614
Restricted investments - capital projects	46,163,111
Net other postemployment benefits asset	11,158,699
Capital assets not being depreciated/amortized	22,174,432
Capital assets, net of accumulated depreciation/amortization	67,019,300
TOTAL ASSETS	181,497,766
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	27,795,843
Related to other postemployment benefits	4,052,766
TOTAL DEFERRED OUTFLOWS OF RESOURCES	31,848,609
LIABILITIES	
Accounts payable	4,966,907
Accrued salaries and related items	3,570,141
Accrued retirement	2,033,897
Accrued interest	752,849
Unearned revenue	2,154,560
Noncurrent liabilities	
Due within one year	8,370,977
Due in more than one year	101,245,603
Arbitrage liability	1,542,181
Net pension liability	60,236,159
TOTAL LIABILITIES	184,873,274
DEFERRED INFLOWS OF RESOURCES	
Deferred gain on refunding, net of amortization	867,058
Related to pensions	19,693,281
Related to other postemployment benefits	15,416,674
Related to state aid funding for pension benefits	3,535,345
TOTAL DEFERRED INFLOWS OF RESOURCES	39,512,358
NET POSITION	
Net investment in capital assets	21,939,947
Restricted for capital projects - sinking fund	8,776,938
Restricted for debt service	4,455,627
Restricted for net other postemployment benefits	11,158,699
Unrestricted	(57,370,468)
TOTAL NET POSITION	\$ (11,039,257)

See notes to financial statements.

	Expenses	Program Revenues		Governmental Activities
Functions/Programs		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 29,935,806	\$ -	\$ 21,093,774	\$ (8,842,032)
Support services	21,466,941	208,632	10,502,381	(10,755,928)
Community services	2,285,384	-	82,245	(2,203,139)
Food services	2,505,965	176,449	2,342,989	13,473
Student/school activities	443,219	-	412,061	(31,158)
Interest on long-term debt	4,359,149	-	100,890	(4,258,259)
Total governmental activities	\$ 60,996,464	\$ 385,081	\$ 34,534,340	(26,077,043)
General revenues				
Property taxes, levied for general purposes				13,282,732
Property taxes, levied for debt service				9,291,914
Property taxes, levied for sinking fund				2,090,130
State sources - unrestricted				16,964,872
Investment earnings				2,178,362
Other revenue				242,879
Total general revenues				44,050,889
CHANGE IN NET POSITION				
				17,973,846
NET POSITION, beginning of year as previously reported				
				(28,376,496)
Adjustment to beginning net position				
				(636,607)
NET POSITION, beginning of year as restated				
				(29,013,103)
NET POSITION, end of year				
				\$ (11,039,257)

See notes to financial statements.

**HOLLAND PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	Capital Projects			Total Nonmajor Funds	Total Governmental Funds
		2021 Building and Site	2023 Building and Site	2025 Building and Site		
ASSETS						
Cash and cash equivalents	\$ 2,518,560	\$ -	\$ -	\$ -	\$ 2,696,220	\$ 5,214,780
Investments	15,503,426	-	-	-	6,253,244	21,756,670
Receivables						
Accounts	75,227	-	-	-	-	75,227
Intergovernmental	7,587,370	-	-	-	127,825	7,715,195
Due from other funds	-	-	-	-	8,662,213	8,662,213
Inventories	-	-	-	-	4,738	4,738
Prepays	215,614	-	-	-	-	215,614
Restricted investments	-	1,595,517	37,214,898	7,352,696	-	46,163,111
TOTAL ASSETS	\$ 25,900,197	\$ 1,595,517	\$ 37,214,898	\$ 7,352,696	\$ 17,744,240	\$ 89,807,548
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 1,585,543	\$ 51,893	\$ 3,248,107	\$ 5,400	\$ 75,964	\$ 4,966,907
Accrued salaries and related	3,563,342	-	-	-	6,799	3,570,141
Accrued retirement	2,031,400	-	-	-	2,497	2,033,897
Unearned revenue	2,134,852	-	-	-	19,708	2,154,560
Due to other funds	7,015,746	171,696	563,358	81,479	829,934	8,662,213
TOTAL LIABILITIES	16,330,883	223,589	3,811,465	86,879	934,902	21,387,718
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	171,000	-	-	-	-	171,000

See notes to financial statements.

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	General Fund	Capital Projects			Total Nonmajor Funds	Total Governmental Funds
		2021 Building and Site	2023 Building and Site	2025 Building and Site		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (continued)						
FUND BALANCES						
Nonspendable						
Inventories	\$ -	\$ -	\$ -	\$ -	\$ 4,738	\$ 4,738
Prepays	215,614	-	-	-	-	215,614
Restricted for:						
Food service	-	-	-	-	60,813	60,813
Capital projects	-	1,371,928	33,403,433	7,265,817	8,776,938	50,818,116
Debt service	-	-	-	-	5,208,476	5,208,476
Committed						
Student/school activities	-	-	-	-	922,584	922,584
Assigned for:						
Capital projects	-	-	-	-	1,835,789	1,835,789
Subsequent expenditures	2,570,813	-	-	-	-	2,570,813
Unassigned	6,611,887	-	-	-	-	6,611,887
TOTAL FUND BALANCES	9,398,314	1,371,928	33,403,433	7,265,817	16,809,338	68,248,830
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
	\$ 25,900,197	\$ 1,595,517	\$ 37,214,898	\$ 7,352,696	\$ 17,744,240	\$ 89,807,548

See notes to financial statements.

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**HOLLAND PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total governmental fund balances	\$ 68,248,830
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred inflows of resources - deferred gain on refunding, net of amortization	(867,058)
Deferred outflows of resources - related to pensions	27,795,843
Deferred inflows of resources - related to pensions	(19,693,281)
Deferred outflows of resources - related to other postemployment benefits	4,052,766
Deferred inflows of resources - related to other postemployment benefits	(15,416,674)
Deferred inflows of resources - related to state funding for pension benefits	(3,535,345)
Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. Noncurrent assets at year-end consist of:	
Net other postemployment benefits asset	11,158,699
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
The cost of the capital assets is	\$ 154,148,385
Accumulated depreciation is	<u>(64,954,653)</u>
	89,193,732
Revenue not recorded in the funds due to not being collected until after September 1st.	
Unavailable revenue	171,000
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Long-term debt obligation	(108,427,905)
Compensated absences	(1,188,675)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid	(752,849)
Arbitrage liability	(1,542,181)
Net pension liability	<u>(60,236,159)</u>
Net position of governmental activities	<u>\$ (11,039,257)</u>

See notes to financial statements.

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**HOLLAND PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

	General Fund	2021 Building and Site	Capital Projects 2023 Building and Site	2025 Building and Site	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Local sources						
Property taxes	\$ 13,111,732	\$ -	\$ -	\$ -	\$ 11,090,362	\$ 24,202,094
Food sales	-	-	-	-	176,449	176,449
Student/school activities	-	-	-	-	412,061	412,061
Investment earnings	573,774	547,785	2,220,332	55,545	323,107	3,720,543
Other	422,985	-	-	-	12,176	435,161
Total local sources	14,108,491	547,785	2,220,332	55,545	12,014,155	28,946,308
State sources	34,613,792	-	-	-	924,790	35,538,582
Federal sources	3,289,783	-	-	-	2,083,307	5,373,090
Incoming transfers and other	9,442,102	-	-	-	-	9,442,102
TOTAL REVENUES	61,454,168	547,785	2,220,332	55,545	15,022,252	79,300,082
EXPENDITURES						
Current						
Instruction	34,763,217	-	-	-	-	34,763,217
Supporting services	24,143,744	-	-	-	-	24,143,744
Community services	2,643,989	-	-	-	-	2,643,989
Food service activities	-	-	-	-	2,587,061	2,587,061
Student/school activities	-	-	-	-	443,219	443,219
Capital outlay	-	8,277,237	11,478,047	4,686	1,673,668	21,433,638

See notes to financial statements.

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	General Fund	Capital Projects			Total Nonmajor Funds	Total Governmental Funds
		2021 Building and Site	2023 Building and Site	2025 Building and Site		
EXPENDITURES (continued)						
Debt service						
Principal repayment	\$ -	\$ -	\$ -	\$ -	\$ 3,620,000	\$ 3,620,000
Interest	-	-	-	-	4,378,319	4,378,319
Other	-	-	-	117,259	2,650	119,909
TOTAL EXPENDITURES	<u>61,550,950</u>	<u>8,277,237</u>	<u>11,478,047</u>	<u>121,945</u>	<u>12,704,917</u>	<u>94,133,096</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	<u>(96,782)</u>	<u>(7,729,452)</u>	<u>(9,257,715)</u>	<u>(66,400)</u>	<u>2,317,335</u>	<u>(14,833,014)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from bond issuance	-	-	-	7,230,000	-	7,230,000
Proceeds from bond premium	-	-	-	102,217	-	102,217
Proceeds from sale of capital asset	22,995	-	-	-	-	22,995
Transfers in	-	-	-	-	80,074	80,074
Transfers out	<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74)</u>	<u>(80,074)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(57,005)</u>	<u>-</u>	<u>-</u>	<u>7,332,217</u>	<u>80,000</u>	<u>7,355,212</u>
NET CHANGE IN FUND BALANCES	<u>(153,787)</u>	<u>(7,729,452)</u>	<u>(9,257,715)</u>	<u>7,265,817</u>	<u>2,397,335</u>	<u>(7,477,802)</u>
FUND BALANCES						
Beginning of year	<u>9,552,101</u>	<u>9,101,380</u>	<u>42,661,148</u>	<u>-</u>	<u>14,412,003</u>	<u>75,726,632</u>
End of year	<u>\$ 9,398,314</u>	<u>\$ 1,371,928</u>	<u>\$ 33,403,433</u>	<u>\$ 7,265,817</u>	<u>\$ 16,809,338</u>	<u>\$ 68,248,830</u>

See notes to financial statements.

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**HOLLAND PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Net change in fund balances total governmental funds	\$ (7,477,802)
Amounts reported for governmental activities in the statement of activities differ because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation/amortization:	
Depreciation/amortization expense	(3,516,197)
Capital outlay	21,185,691
Net book value of assets disposed	(145,190)
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable, beginning of the year	772,019
Accrued interest payable, end of the year	(752,849)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:	
Proceeds from bond issuance	(7,230,000)
Proceeds from bond premium	(102,217)
Payments on debt obligations	3,620,000
Amortization of bond premium	696,812
Amortization of deferred gain on refunding	99,092
Arbitrage liability	(1,542,181)
Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:	
Unavailable revenue, beginning of the year	(88,536)
Unavailable revenue, end of the year	171,000
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued compensated absences, beginning of the year, as restated	1,220,925
Accrued compensated absences, end of the year	(1,188,675)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Pension related items	6,733,506
Other postemployment benefits related items	4,411,498
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension benefits contributions subsequent to the measurement period:	
Pension benefit related items, beginning of year	4,642,295
Pension benefit related items, end of year	(3,535,345)
Change in net position of governmental activities	\$ 17,973,846

See notes to financial statements.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Holland Public Schools (the "District") is governed by the Holland Public Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statements (GASB).

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. *Governmental activities* normally are supported by taxes, and intergovernmental revenues.

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *2021, 2023, and 2025 Building and Site Funds* include capital project activities funded with bonds. For these capital projects, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The funds are not yet considered substantially complete, and subsequent year audits are expected.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Major Governmental Funds (continued):

The following is a summary of the cumulative revenue, other financing sources (uses), and expenditures for the 2021, 2023, and 2025 building and site funds activity since inception:

	2021 Capital Projects	2023 Capital Projects	2025 Capital Projects
Revenue and other financing sources	<u>\$ 27,834,118</u>	<u>\$ 45,151,480</u>	<u>\$ 7,387,762</u>
Expenditures and other financing uses	<u>\$ 26,462,190</u>	<u>\$ 11,748,047</u>	<u>\$ 121,945</u>

Revenue and other financing sources include the bond proceeds and premium of \$26,054,844, \$41,449,142, and \$7,332,217 for the 2021, 2023, and 2025 capital projects funds, respectively.

The District reports the following *Other Nonmajor Funds*:

The *Special Revenue Funds* account for revenue sources that are legally restricted or committed to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and student/school activities in special revenue funds.

The *Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Sinking Fund* accounts for the receipt of property taxes levied for sinking fund and subsequent expenditures of those funds. The fund has complied with the applicable provisions of Section 1212 of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2023-1.

The *Property Sales Fund* accounts for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital projects. Resources are from the sale of property.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The District also receives revenue from the state to administer certain categorical education programs. State rules required that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal years are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended twice during the year. The final budget was approved prior to the June 30, 2025 year-end with more than originally expected revenues and appropriations due to previous uncertainty in state and federal funding when the original budget was adopted. Although the district does consider these amendments to be significant, they were deemed necessary due to considerable uncertainty at the time the original budget was adopted.

HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress, if any, are not depreciated. Right to use assets of the district are amortized using the straight-line method over the shorter of the subscription period or the estimated useful lives. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives (in years)</u>
Land improvements	5 - 30
Buildings and improvements	20 - 45
Furniture and equipment	5 - 20
Vehicles	5 - 20
Right to use - subscription-based IT	5

Defined Benefit Plans

For purposes of measuring the net pension liability and net other postemployment benefit asset, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Michigan Public Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the pension, and other postemployment benefits related items reported in the government-wide statement of net position. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has five items that qualify for reporting in this category. The first is the deferred gain on refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the refunded or refunding debt. The second is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension benefit contributions subsequent to the measurement period. The third and fourth items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary. The fifth item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year-end. These amounts are deferred and recognized as inflow of resources in the period that the amount becomes available.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance Policies (continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Subscription-based IT Arrangements (SBITA)

Subscriber: The District is a lessee for a noncancelable subscription of an IT arrangement. The District recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements.

At the commencement of a subscription, the District initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to SBITA included how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITA.
- The SBITA term includes the noncancelable period of the subscription. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. During the current year, the District prepaid the full amount of its subscription and therefore does not record a SBITA liability.

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term obligations on the statement of net position.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2025, the District levied the following amounts per \$1,000 of assessed valuation:

<u>Fund</u>	<u>Mills</u>
General fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	4.7300
Sinking fund	
PRE, Non-PRE, Commercial Personal Property	1.1667

Compensated Absences

The District's policy permits employees to accumulate earned but unused sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported and incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2025, the District had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2025, \$4,803,917 of the District's bank balance of \$5,303,917 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$5,214,780.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business.

Interest Rate Risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Investment Type	Fair Value	Weighted Average Maturity (Years)
Money Market Obligation Trust	\$ 22,113,173	N/A
U.S. Treasury Notes	24,049,938	0.5882
MILAF MAX	46,113	N/A
Michigan CLASS Investment Pool	<u>21,710,557</u>	<u>0.1053</u>
Total fair value	<u>\$ 67,919,781</u>	
Portfolio weighted average maturity		<u>0.3591</u>

One day maturity equals 0.0027, one year equals 1.00.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Type	Fair Value	Rating	Rating Agency
Money Market Obligation Trust	\$ 22,113,173	AAAm	Standard & Poor's
MILAF MAX	46,113	AAAm	Standard & Poor's
Michigan CLASS Investment Pool	<u>21,710,557</u>	AAAm	Standard & Poor's
	<u>\$ 43,869,843</u>		

Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

Fair Value Measurement

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk, and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

	Level 1	Level 2	Level 3	Balance at June 30, 2025
Investments by fair value level				
U.S. Treasury Notes	<u>\$ 24,049,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,049,938</u>

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. The pooled investment funds utilized by the District are a Money Market Obligation Trust and the Michigan Investment Liquid Asset Fund (MILAF). These funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
Money Market Obligation Trust	\$ 22,113,173
MILAF External Investment Pool - MAX	46,113
	\$ 22,159,286

Investments in Entities that Calculate Net Asset Value per Share

The District holds shares or interests in the Michigan CLASS investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Michigan CLASS investment pool invest in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At the year ended June 30, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan CLASS Investment Pool	\$ 21,710,557	\$ -	No restrictions	None

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2025:

Cash and cash equivalents	\$ 5,214,780
Investments	21,756,670
Restricted investments - capital projects	46,163,111
	\$ 73,134,561

NOTE 3 - CAPITAL ASSETS

A summary of changes in the District's capital assets are as follows:

	Balance July 1, 2024	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2025
Capital assets not being depreciated/amortized				
Land	\$ 513,275	\$ -	\$ -	\$ 513,275
Construction in progress	9,976,661	18,805,539	7,121,043	21,661,157
Subtotal	10,489,936	18,805,539	7,121,043	22,174,432
Capital assets, being depreciated/amortized				
Land improvements	8,047,735	-	212,844	7,834,891
Buildings and improvements	98,202,194	7,095,475	661,813	104,635,856
Furniture and equipment	14,485,926	2,267,120	522,028	16,231,018
Vehicles	2,579,284	-	-	2,579,284
Right to use - subscription-based IT	554,304	138,600	-	692,904
Subtotal	123,869,443	9,501,195	1,396,685	131,973,953
Accumulated depreciation/amortization				
Land improvements	5,031,824	290,623	191,901	5,130,546
Buildings and improvements	43,728,593	2,350,261	625,475	45,453,379
Furniture and equipment	11,783,422	635,249	434,119	11,984,552
Vehicles	2,047,169	94,921	-	2,142,090
Right to use - subscription-based IT	98,943	145,143	-	244,086
Total accumulated depreciation/amortization	62,689,951	3,516,197	1,251,495	64,954,653
Net capital assets being depreciated/amortized	61,179,492	5,984,998	145,190	67,019,300
Net governmental capital assets	\$ 71,669,428	\$ 24,790,537	\$ 7,266,233	\$ 89,193,732

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CAPITAL ASSETS (continued)

Depreciation/amortization for the fiscal year ended June 30, 2025 amounted to \$3,516,197 which was allocated in the following manner:

Instruction	\$ 2,022,632
Support services	1,156,459
Food service	168,553
Community services	168,553
	<u>\$ 3,516,197</u>

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2025 consist of the following:

Governmental units	
State revenue	\$ 5,859,050
Federal revenue	1,111,677
Intermediate and other sources	744,468
	<u>\$ 7,715,195</u>

Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2025 are as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
Nonmajor funds	\$ 8,662,213	General fund	\$ 7,015,746
		2021 building and site fund	171,696
		2023 building and site fund	563,358
		2025 building and site fund	81,479
		Nonmajor funds	829,934
	<u>\$ 8,662,213</u>		<u>\$ 8,662,213</u>

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the District for the year ended June 30, 2025:

	<u>General Obligation Bonds</u>	<u>Compensated Absences*</u>	<u>Total</u>
Balance, July 1, 2024, as restated	\$ 105,412,500	\$ 1,220,925	\$ 106,633,425
Additions	7,332,217	-	7,332,217
Deletions	<u>(4,316,812)</u>	<u>(32,250)</u>	<u>(4,349,062)</u>
Balance, June 30, 2025	108,427,905	1,188,675	109,616,580
Due within one year	<u>8,175,000</u>	<u>195,977</u>	<u>8,370,977</u>
Due in more than one year	<u>\$ 100,252,905</u>	<u>\$ 992,698</u>	<u>\$ 101,245,603</u>

*The change in the compensated absences liability is presented as a net change.

Long-term obligations at June 30, 2025 is comprised of the following issues:

General Obligation Bonds

2010 Building and Site Bonds, Series A - \$3,525,000, due in a single principal payment on May 1, 2026, with interest at 6.30%.	\$ 3,525,000
2021 Building and Site Bonds - due in annual installments of \$165,000 to \$1,920,000 through November 1, 2044, with interest at 3.00% to 5.00%.	20,575,000
2023 Building and Site Bonds - due in annual installments of \$675,000 to \$2,245,000 through November 1, 2044, with interest at 4.00% to 5.00%.	36,185,000
2024 Refunding Bonds - due in annual installments of \$3,050,000 to \$3,175,000 through November 1, 2034, with interest at 5.00%.	31,160,000
2025 Building and Site Bonds - due in annual installments of \$35,000 to \$875,000 through November 1, 2047, with interest at 5.00%.	7,230,000
Add issuance premiums	<u>9,752,905</u>
Total general obligation bonds	108,427,905
Compensated absences	<u>1,188,675</u>
Total general long-term obligations	<u>\$ 109,616,580</u>

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The District has designated the 2010 Building and Site Bonds, Series A as "Qualified School Construction Bonds", therefore, the District expects to receive a direct payment from the U.S. Treasury to cover a portion of the interest to be paid on the bonds. For the year ended June 30, 2025, the District recognized \$100,890 in interest rate subsidy from the U.S. Treasury. This figure is net of \$89,108 in interest subsidy receivable that was deemed uncollectible during the current fiscal year.

The annual requirement to amortize long-term obligations outstanding, exclusive of compensated absences payments, as of June 30, 2025 are as follows:

Year Ending June 30,	General Obligation Bonds		Compensated Absences	Total
	Principal	Interest		
2026	\$ 8,175,000	\$ 4,226,434	\$ -	\$ 12,401,434
2027	4,490,000	3,869,563	-	8,359,563
2028	4,590,000	3,642,213	-	8,232,213
2029	4,800,000	3,407,238	-	8,207,238
2030	5,040,000	3,160,838	-	8,200,838
2031 - 2035	27,175,000	11,841,240	-	39,016,240
2036 - 2040	23,125,000	6,137,890	-	29,262,890
2041 - 2045	19,920,000	1,940,290	-	21,860,290
2046 - 2047	1,360,000	112,456	-	1,472,456
	98,675,000	38,338,162	-	137,013,162
Issuance premium	9,752,905	-	-	9,752,905
Compensated absences	-	-	1,188,675	1,188,675
	<u>\$ 108,427,905</u>	<u>\$ 38,338,162</u>	<u>\$ 1,188,675</u>	<u>\$ 147,954,742</u>

Interest expense (all funds) for the year ended June 30, 2025 was approximately \$4,515,000.

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2025, \$70,950,000 of bonds outstanding are considered defeased.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Plan Description (continued)

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees. In addition, the System's health plan provides all retirees with option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State of Michigan Investment Board serves as the investment fiduciary and custodian for the System.

Benefits Provided - Overall

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPERS is as follows:

<u>Plan Name</u>	<u>Plan Type</u>	<u>Plan Status</u>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

Benefits Provided - Pension

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPERS) who became a member of MPERS after June 30, 2010, is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010, and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

Option 1 - Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic Plan Members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 - Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

Option 4 - Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k)-account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

Employees who first work on or after September 4, 2012, choose between two retirement plans: The Pension Plus Plan and a Defined Contribution Plan that provides a 50% employer match (up to 3% of salary) on employee contributions.

Final Average Compensation (FAC) - Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected Option 4, in which case the FAC is calculated at the transition date.

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus Plan to newly hired employees as of February 1, 2018, and created a new, optional Pension Plus 2 Plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 Plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 Plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

New employees hired between February 1, 2018, and June 30, 2024, are automatically enrolled as members in the Pension Plus 2 Plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 Plan and become a qualified participant to the DC Plan; if no election is made they will default to the DC Plan. If they elect to opt out of the Pension Plus 2 Plan, their participation in the DC Plan will be retroactive to their date of hire.

Pension Reform of 2023

On November 29, 2023, the Governor signed Public Act 250 of 2023 into law. New employees hired after June 30, 2024, are automatically enrolled as members in the Pension Plus 2 Plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 Plan and become a qualified participant in the DC Plan; if no election is made they will remain in the Pension Plus 2 Plan. If they elect to opt out of the Pension Plus 2 Plan, their participation in the DC Plan will be retroactive to their date of hire.

Benefits Provided - Other Postemployment Benefit (OPEB)

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Retiree Healthcare Reform of 2012

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees' Retirement System, who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions will be deposited into their 401(k) accounts.

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through their 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution Plan are not required to make additional contributions.

Employer Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension benefits and OPEB. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

Pension and OPEB contributions made in the fiscal year ending September 30, 2024, were determined as of the September 30, 2021, actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2021, are amortized over a 15-year period beginning October 1, 2023, and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	Pension	Other Postemployment Benefit
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%

The District's pension contributions for the year ended June 30, 2025 were equal to the required contribution total. Total pension contributions were approximately \$12,238,000. Of the total pension contributions, approximately \$11,695,000 was contributed to fund the Defined Benefit Plan and approximately \$543,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2025 were equal to the required contribution total. Total OPEB contributions were approximately \$442,000. Of the total OPEB contributions, approximately \$151,000 was contributed to fund the Defined Benefit Plan and approximately \$291,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2023, and rolled-forward using generally accepted actuarial procedures.

The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPSERS (Plan) Non-university Employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total pension liability	\$ 95,765,499,515	\$ 94,947,828,557
Plan fiduciary net position	\$ 71,283,482,728	\$ 62,581,762,238
Net pension liability	\$ 24,482,016,787	\$ 32,366,066,319
Proportionate share	0.24604%	0.21110%
Net pension liability for the District	\$ 60,236,159	\$ 68,324,620

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2025, the District recognized pension expense of \$4,961,256.

At June 30, 2025, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 6,279,977	\$ 4,413,405
Net difference between projected and actual plan investments earnings	-	11,495,612
Differences between expected and actual experience	1,634,249	654,474
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,038,208	3,129,790
Reporting Unit's contributions subsequent to the measurement date	<u>10,843,409</u>	<u>-</u>
	<u>\$ 27,795,843</u>	<u>\$ 19,693,281</u>

\$10,843,409, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (1,330,656)
2027	2,271,631
2028	(1,774,912)
2029	<u>(1,906,910)</u>
	<u>\$ (2,740,847)</u>

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Liabilities (Asset), OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2023 and rolled-forward using generally accepted actuarial procedures.

The District's proportion of the net OPEB liability (asset) was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total other postemployment benefit liability	\$ 9,991,545,923	\$ 11,223,648,949
Plan fiduciary net position	\$ 14,295,943,589	\$ 11,789,347,341
Net other postemployment benefit liability (asset)	\$ (4,304,397,666)	\$ (565,698,392)
Proportionate share	0.25924%	0.23323%
Net other postemployment benefits liability (asset) for the District	\$ (11,158,699)	\$ (1,319,367)

For the year ended June 30, 2025, the District recognized OPEB benefit of \$4,260,621.

At June 30, 2025, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 2,437,220	\$ 280,138
Net difference between projected and actual plan investments earnings	-	2,112,470
Differences between expected and actual experience	-	11,824,813
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,530,912	1,199,253
Reporting Unit's contributions subsequent to the measurement date	<u>84,634</u>	<u>-</u>
	<u>\$ 4,052,766</u>	<u>\$ 15,416,674</u>

\$84,634, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Liabilities (Asset), OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2026	\$ (3,963,344)
2027	(2,342,563)
2028	(2,261,565)
2029	(1,802,047)
2030	(899,973)
2031	(179,050)
	\$ (11,448,542)

Actuarial Assumptions

Investment Rate of Return for Pension - 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, Pension Plus, and Pension Plus 2 Plan groups.

Investment Rate of Return for OPEB - 6.00% a year, compounded annually net of investment and administrative expenses.

Salary Increases - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

Inflation - 3.0%.

Mortality Assumptions -

Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and MP-2021 adjusted for mortality improvements using projection scale from 2010.

Disabled Retirees: PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Experience Study - Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2023, valuation.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

The Long-term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan, and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Cost of Living Pension Adjustments - 3.0% annual non-compounded for MIP members.

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.25% for year one and graded to 3.5% in year fifteen. Post 65, 6.50% for year one and graded to 3.5% in year fifteen.

Additional Assumptions for Other Postemployment Benefit Only - Applies to Individuals Hired Before September 4, 2012:

Opt Out Assumption - 21% of eligible participants hired before July 1, 2008, and 30% of those hired after June 30, 2008, are assumed to opt out of the retiree health plan.

Survivor Coverage - 80% of male retirees and 67% of female retirees electing two-person coverage are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement - 75% of male and 60% of female future retirees who elected coverage are assumed to elect coverage for 1 or more dependents.

The target asset allocation at September 30, 2024, and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.3%
International Equity Pools	15.00%	6.5%
Private Equity Pools	16.00%	9.0%
Real Estate and Infrastructure Pools	10.00%	7.1%
Fixed Income Pools	13.00%	2.2%
Absolute Return Pools	9.00%	5.2%
Real Return/Opportunistic Pools	10.00%	6.9%
Short Term Investment Pools	2.00%	1.4%
	100.0%	

* Long term rates of return are net of administrative expenses and 2.3% inflation.

HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Rate of Return - For fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 15.47% and 15.45%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Discount Rate - A single discount rate of 6.00% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

OPEB Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	\$ 88,306,856	\$ 60,236,159	\$ 36,861,903

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability (asset) calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	\$ (8,623,534)	\$ (11,158,699)	\$ (13,350,616)

HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Sensitivity to the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability (asset) calculated using the healthcare cost trend rate, as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Trend Decrease	Healthcare Cost Trend Rates	1% Trend Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	\$ (13,350,640)	\$ (11,158,699)	\$ (8,807,854)

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System Annual Comprehensive Financial Report.

Payable to the Pension and OPEB Plan - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District purchases commercial insurance to cover any losses that may result from the above-described activities. No settlement has occurred in excess of coverage for the year ended June 30, 2025.

NOTE 9 - TRANSFERS

The general fund transferred \$80,000 to the nonmajor funds to subsidize current year activities and the debt service funds transferred \$74 to close out the 2014 refunding bond fund.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - TAX ABATEMENTS

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by cities, villages, and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly.

The property taxes abated for all funds by municipality under these programs are as follows:

Municipality	Taxes Abated
City of Holland	\$ 577,668
Holland Township	200,626
Laketown Township	24,285
Park Township	5,659
	\$ 808,238

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's Section 22 Funding of the State School Aid Act.

There are no abatements made by the District.

NOTE 11 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the district expects such amounts, if any, to be immaterial.

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*.

Summary: This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 - ADJUSTMENTS TO BEGINNING NET POSITION

During fiscal year 2025, changes to the beginning net position are as follows:

	Governmental Activities
Net position as of July 1, 2024, as previously stated	\$ (28,376,496)
Adoption of GASB Statement 101	(636,607)
Net position as of July 1, 2024, as restated	\$ (29,013,103)

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**HOLLAND PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 13,070,500	\$ 13,735,419	\$ 14,108,491	\$ 373,072
State sources	34,703,000	35,625,437	34,613,792	(1,011,645)
Federal sources	2,639,500	3,479,484	3,289,783	(189,701)
Incoming transfers and other	7,538,000	9,313,164	9,442,102	128,938
TOTAL REVENUES	57,951,000	62,153,504	61,454,168	(699,336)
EXPENDITURES				
Current				
Instruction				
Basic programs	23,012,200	23,286,622	22,586,700	699,922
Added needs	11,190,700	12,552,587	12,176,517	376,070
Total instruction	34,202,900	35,839,209	34,763,217	1,075,992
Supporting services				
Pupil support	6,638,100	7,563,295	7,542,015	21,280
Instructional staff	2,381,600	3,587,272	3,498,012	89,260
General administration	733,100	629,966	643,462	(13,496)
School administration	2,597,700	2,570,280	2,580,006	(9,726)
Business services	616,700	940,683	1,063,604	(122,921)
Operations and maintenance	4,657,500	4,978,815	4,811,160	167,655
Pupil transportation	1,484,600	1,591,091	1,445,941	145,150
Central services	1,472,800	1,582,394	1,535,319	47,075
Athletics and other	2,362,700	1,135,010	1,024,225	110,785
Total supporting services	22,944,800	24,578,806	24,143,744	435,062
Community services	2,774,100	2,736,353	2,643,989	92,364
TOTAL EXPENDITURES	59,921,800	63,154,368	61,550,950	1,603,418
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,970,800)	(1,000,864)	(96,782)	904,082
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	22,995	22,995
Transfers out	-	(175,000)	(80,000)	95,000
TOTAL OTHER FINANCING SOURCES (USES)	-	(175,000)	(57,005)	117,995
NET CHANGE IN FUND BALANCE	\$ (1,970,800)	\$ (1,175,864)	(153,787)	\$ 1,022,077
FUND BALANCE				
Beginning of year			9,552,101	
End of year			<u>\$ 9,398,314</u>	

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HOLLAND PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Reporting Unit's proportion of net pension liability (%)	0.24604%	0.21110%	0.20607%	0.23346%	0.23844%	0.24443%	0.24822%	0.25817%	0.26938%	0.27014%
Reporting Unit's proportionate share of net pension liability	\$ 60,236,159	\$ 68,324,620	\$ 77,498,847	\$ 55,273,297	\$ 81,905,854	\$ 80,947,948	\$ 74,618,192	\$ 66,901,596	\$ 67,208,009	\$ 65,982,925
Reporting Unit's covered-employee payroll	\$ 27,726,062	\$ 23,529,207	\$ 20,004,812	\$ 21,067,861	\$ 20,844,356	\$ 20,990,969	\$ 21,303,461	\$ 21,950,188	\$ 22,126,619	\$ 21,075,186
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	217.25%	290.38%	387.40%	262.36%	392.94%	385.63%	350.26%	304.79%	303.74%	313.08%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

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HOLLAND PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required pension contributions	\$ 11,694,762	\$ 9,899,285	\$ 9,255,425	\$ 7,415,001	\$ 6,864,632	\$ 6,486,851	\$ 6,464,832	\$ 6,473,769	\$ 5,068,762	\$ 4,667,502
Pension contributions in relation to statutorily required contributions	<u>11,694,762</u>	<u>9,899,285</u>	<u>9,255,425</u>	<u>7,415,001</u>	<u>6,864,632</u>	<u>6,486,851</u>	<u>6,464,832</u>	<u>6,473,769</u>	<u>5,068,762</u>	<u>4,667,502</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's covered-employee payroll (pension)	\$ 29,868,321	\$ 26,863,151	\$ 23,561,169	\$ 19,419,948	\$ 19,366,324	\$ 20,307,750	\$ 21,271,715	\$ 21,387,306	\$ 21,716,769	\$ 21,369,670
Pension contributions as a percentage of covered-employee payroll	39.15%	36.85%	39.28%	38.18%	35.45%	31.94%	30.39%	30.27%	23.34%	21.84%

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**HOLLAND PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	2024	2023	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net other postemployment benefits liability (asset) (%)	0.25924%	0.23323%	0.20294%	0.23315%	0.23450%	0.24048%	0.23524%	0.25886%
Reporting Unit's proportionate share of net other post-employment benefits liability (asset)	\$ (11,158,699)	\$ (1,319,367)	\$ 4,298,435	\$ 3,558,702	\$ 12,563,040	\$ 17,287,046	\$ 18,698,784	\$ 22,923,658
Reporting Unit's covered-employee payroll	\$ 27,726,062	\$ 23,529,207	\$ 20,004,812	\$ 21,067,861	\$ 20,844,356	\$ 20,990,969	\$ 21,303,461	\$ 21,950,188
Reporting Unit's proportionate share of net other post-employment benefits liability/ asset as a percentage of its covered-employee payroll	40.25%	5.61%	21.49%	16.89%	60.27%	82.35%	87.77%	104.43%
Plan fiduciary net position as a percentage of total other post-employment benefits liability (Non-university employers)	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

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**HOLLAND PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE PLAN YEAR ENDED JUNE 30)**

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required other postemployment benefits contributions	\$ 150,877	\$ 2,165,722	\$ 1,833,244	\$ 1,835,666	\$ 1,809,429	\$ 1,791,375	\$ 1,765,988	\$ 1,750,248
Other postemployment benefits contributions in relation to statutorily required contributions	150,877	2,165,722	1,833,244	1,835,666	1,809,429	1,791,375	1,765,988	1,750,248
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's covered-employee payroll (OPEB)	\$ 29,868,321	\$ 26,863,151	\$ 23,561,169	\$ 19,419,948	\$ 19,366,324	\$ 20,307,750	\$ 21,271,715	\$ 21,387,306
Other postemployment benefits contributions as a percentage of covered-employee payroll	0.51%	8.06%	7.78%	9.45%	9.34%	8.82%	8.30%	8.18%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

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**HOLLAND PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

NOTE 1 - PENSION INFORMATION

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of benefit assumptions for each of the reported plan years ended September 30 except for the following:

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021, actuarial valuation decreased by 0.80 percentage points.
- 2019 - The discount rate used in the September 30, 2018, actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017, actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016, actuarial valuation decreased by 0.50 percentage points.

NOTE 2 - OPEB INFORMATION

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of benefit assumptions for each of the reported plan years ended September 30 except for the following:

- 2024 - The health care cost trend rate used in the September 30, 2023, actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage points for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2022, actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

**HOLLAND PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

NOTE 2 - OPEB INFORMATION (continued)

Changes in Assumptions (continued)

- 2022 - The discount rate and investment rate of return used in the September 30, 2021, actuarial valuation decreased by 0.95 percentage point. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020, actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019, actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018, actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017, actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.



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DRAFT LEGAL OPINION

School District of the City of Holland
 Counties of Ottawa and Allegan
 State of Michigan

We have acted as bond counsel in connection with the issuance by the School District of the City of Holland, Counties of Ottawa and Allegan, State of Michigan (the “Issuer”), of its bonds in the aggregate principal amount of \$ _____ designated 2026 School Building and Site Bonds, Series I (General Obligation - Unlimited Tax) (the “Bonds”). The Bonds are in fully registered form and issued without coupons, are dated _____, 2026, are of \$5,000 denomination or any integral multiple thereof, are subject to redemption prior to maturity at the option of the Issuer in the manner and at the times as set forth in the Bonds, mature on November 1 of each year, and bear interest payable on November 1, 2026, and semiannually thereafter on May 1 and November 1 of each year in the amounts and at the rates as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
-------------	---------------	-------------	-------------	---------------	-------------

The Bonds maturing on May 1, 20__, are term Bonds subject to mandatory redemption in part, by lot, on the redemption dates and at the redemption price equal to the principal amount thereof as provided in the Bonds.

We have examined the documents which we deem authentic and pertinent to the validity of the Bonds, including the certified record evidencing the authorization of the Bonds by the electors and board of education of the Issuer, a copy of the approval of the Department of Treasury of the State of Michigan to issue the Bonds, and a specimen of the Bond certificates.

Based upon the foregoing, we are of the opinion that under existing law:

- (1) the Bonds have been lawfully authorized and issued and are enforceable obligations of the Issuer in accordance with their terms;
- (2) the Bonds are the general obligation of the Issuer for which its full faith, credit and resources have been irrevocably pledged;



School District of the City of Holland
Counties of Ottawa and Allegan
State of Michigan

_____, 2026

Page 2

(3) the Issuer has the power, and is obligated, to levy taxes on all taxable property now situated within the corporate boundaries of the Issuer, without limitation as to rate or amount, sufficient to pay the principal of and interest on the Bonds;

(4) the Bonds and the interest thereon are exempt from all taxation in the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof; and

(5) the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds held by an “applicable corporation” as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), is included in annual “adjusted financial statement income” for purposes of calculating the alternative minimum tax imposed on an applicable corporation. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement of such rights may also be subject to the exercise of judicial discretion in appropriate cases.

THRUN LAW FIRM, P.C.

TLF/CJI

**FORM OF
CONTINUING DISCLOSURE AGREEMENT**

§ _____
**SCHOOL DISTRICT OF THE CITY OF HOLLAND
COUNTIES OF OTTAWA AND ALLEGAN
STATE OF MICHIGAN
2026 SCHOOL BUILDING AND SITE BONDS, SERIES I
(GENERAL OBLIGATION - UNLIMITED TAX)**

This Continuing Disclosure Agreement (the “Agreement”) is executed and delivered by the School District of the City of Holland, Counties of Ottawa and Allegan, State of Michigan (the “Issuer”), in connection with the issuance of its \$ _____ 2026 School Building and Site Bonds, Series I (General Obligation - Unlimited Tax) (the “Bonds”). The Bonds are being issued pursuant to resolutions adopted by the Board of Education of the Issuer on February 9, 2026 and _____, 2026 (together, the “Resolution”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Agreement is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with the Rule. The Issuer acknowledges that this Agreement does not address the scope of any application of Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act to the Annual Reports or notices of the Listed Events provided or required to be provided by the Issuer pursuant to this Agreement.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Agreement.

“Bondholder” means the registered owner of a Bond or any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bond for federal income tax purposes.

“Dissemination Agent” means any agent designated as such in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation, and such agent’s successors and assigns.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access which provides continuing disclosure services for the receipt and public availability of continuing disclosure documents and related information required by Rule 15c2-12 promulgated by the SEC.

“Financial Obligation” shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b) provided; however, that a “Financial Obligation”

shall not include any municipal security for which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“1934 Act” shall mean the Securities Exchange Act of 1934, as amended.

“Official Statement” shall mean the final Official Statement for the Bonds dated _____, 2026.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Resolution” shall mean the resolutions duly adopted by the Issuer authorizing the issuance, sale and delivery of the Bonds.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of Michigan.

SECTION 3. Provision of Annual Reports.

(a) Each year, the Issuer shall provide, or shall cause the Dissemination Agent to provide, on or prior to the end of the sixth month after the end of the fiscal year of the Issuer commencing with the fiscal year ending June 30, 2026, to EMMA an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Agreement. Currently, the Issuer’s fiscal year ends on June 30. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Agreement; provided, however, that if the audited financial statements of the Issuer are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the financial statements contained in the Official Statement shall be included in the Annual Report.

(b) The Annual Report shall be submitted to EMMA either through a web-based electronic submission interface or through electronic computer-to-computer data connections with EMMA in accordance with the submission process, document format and configuration requirements established by the MSRB. The Annual Report shall also include all related information required by MSRB to accurately identify: (i) the category of information being provided; (ii) the period covered by the Annual Report; (iii) the issues or specific securities to which the Annual Report is related (including CUSIP number, Issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (iv) the name of any obligated person other than the Issuer; (v) the name and date of the document; and (vi) contact information for the Dissemination Agent or the Issuer’s submitter.

(c) If the Issuer is unable to provide to EMMA an Annual Report by the date required in subsection (a), the Issuer shall send a notice in a timely manner to the MSRB in substantially the form attached as Appendix A.

(d) If the Issuer's fiscal year changes, the Issuer shall send a notice of such change to the MSRB in substantially the form attached as Appendix B. If such change will result in the Issuer's fiscal year ending on a date later than the ending date prior to such change, the Issuer shall provide notice of such change to the MSRB on or prior to the deadline for filing the Annual Report in effect when the Issuer operated under its prior fiscal year. Such notice may be provided to the MSRB along with the Annual Report, provided that it is filed at or prior to the deadline described above.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) audited financial statements of the Issuer prepared pursuant to State laws, administrative rules and guidelines and pursuant to accounting and reporting policies conforming in all material respects to generally accepted accounting principles as applicable to governmental units as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Government Accounting Standards Board and in effect from time to time; and

(b) additional annual financial information and operating data as set forth in the Official Statement under "CONTINUING DISCLOSURE".

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which previously have been provided to each of the Repositories or filed with the SEC. If the document included by specific reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer covenants to provide, or cause to be provided, notice in a timely manner not in excess of ten business days of the occurrence of any of the following events with respect to the Bonds in accordance with the Rule:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) modifications to rights of security holders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;

- (10) release, substitution, or sale of property securing repayment of the securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer or other obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or other obligated person or the sale of all or substantially all of the assets of the Issuer or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or other obligated person, any of which affect security holders, if material;
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or other obligated person, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would constitute material information for the Bondholders, provided that any event other than those listed under Section 5(a)(2), (6), (7), (8), (10), (13), (14) or (15) above will always be deemed to be material. Events listed under Section 5(a)(6) and (8) above will always be deemed to be material except with respect to that portion of those events which must be determined to be material.

(c) The Issuer shall promptly cause a notice of the occurrence of a Listed Event, determined to be material in accordance with the Rule, to be electronically filed with EMMA, together with a significant event notice cover sheet substantially in the form attached as Appendix C. In connection with providing a notice of the occurrence of a Listed Event described in Section 5(a)(9) above, the Issuer shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) The Issuer acknowledges that the “rating changes” referred to above in Section 5(a)(11) of this Agreement may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the Issuer is liable.

(e) The Issuer acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the Issuer does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

SECTION 6. Termination of Reporting Obligation.

(a) The Issuer's obligations under this Agreement shall terminate upon the legal defeasance of the Resolution or the prior redemption or payment in full of all of the Bonds.

(b) This Agreement, or any provision hereof, shall be null and void in the event that the Issuer (i) receives an opinion of nationally recognized bond counsel, addressed to the Issuer, to the effect that those portions of the Rule, which require such provisions of this Agreement, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) delivers notice to such effect to the MSRB.

SECTION 7. Dissemination Agent. The Issuer, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment. Notwithstanding any other provision of this Agreement, this Agreement may be amended, and any provision of this Agreement may be waived to the effect that:

(a) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Issuer, or the types of business in which the Issuer is engaged;

(b) this Agreement as so amended or taking into account such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, in the opinion of independent legal counsel; and

(c) such amendment or waiver does not materially impair the interests of the Bondholders, in the opinion of independent legal counsel.

If the amendment or waiver results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Agreement, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. If the amendment or waiver involves a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared based on the new accounting principles and those prepared based on the former accounting principles. The comparison should include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison should also be quantitative. A notice of the change in the accounting principles should be sent by the Issuer to the MSRB. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

SECTION 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Resolution or the Bonds, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with the Agreement shall be an action to compel performance.

SECTION 11. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement.

SECTION 12. Beneficiaries. This Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, and the Bondholders and shall create no rights in any other person or entity.

SECTION 13. Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

SCHOOL DISTRICT OF THE CITY OF
HOLLAND
COUNTIES OF OTTAWA AND ALLEGAN
STATE OF MICHIGAN

By: _____
Its: Superintendent

Dated: _____, 2026

APPENDIX A

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: School District of the City of Holland, Ottawa and Allegan Counties,
Michigan

Name of Bond Issue: 2026 School Building and Site Bonds, Series I (General
Obligation - Unlimited Tax)

Date of Bonds: _____, 2026

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Agreement with respect to the Bonds. The Issuer anticipates that the Annual Report will be filed by _____.

SCHOOL DISTRICT OF THE CITY OF
HOLLAND
COUNTIES OF OTTAWA AND ALLEGAN
STATE OF MICHIGAN

By: _____
Its: Superintendent

Dated: _____



APPENDIX B

NOTICE TO THE MSRB OF CHANGE IN ISSUER'S FISCAL YEAR

Name of Issuer: School District of the City of Holland, Ottawa and Allegan Counties,
Michigan

Name of Bond Issue: 2026 School Building and Site Bonds, Series I (General
Obligation - Unlimited Tax)

Date of Bonds: _____, 2026

NOTICE IS HEREBY GIVEN that the Issuer's fiscal year has changed. Previously, the
Issuer's fiscal year ended on _____. It now ends on _____.

SCHOOL DISTRICT OF THE CITY OF
HOLLAND
COUNTIES OF OTTAWA AND ALLEGAN
STATE OF MICHIGAN

By: _____
Its: Superintendent

Dated: _____



APPENDIX C

SIGNIFICANT EVENT NOTICE COVER SHEET

This cover sheet and significant event notice should be provided in an electronic format to the Municipal Securities Rulemaking Board pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or other Obligated Person's Name: _____

Issuer's Six-Digit CUSIP Number(s): _____

or Nine-Digit CUSIP Number(s) to which this significant event notice relates: _____

Number of pages of attached significant event notice: _____

Description of Significant Events Notice (Check One):

1. Principal and interest payment delinquencies
2. Non-payment related defaults
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to rights of security holders
8. Bond calls
9. Tender offers
10. Defeasances
11. Release, substitution, or sale of property securing repayment of the securities
12. Rating changes
13. Bankruptcy, insolvency, receivership or similar event of the Issuer or other obligated person
14. The consummation of a merger, consolidation, or acquisition involving the Issuer or other obligated person or the sale of all or substantially all of the assets of the Issuer or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms
15. Appointment of a successor or additional trustee or the change of name of a trustee
16. Incurrence of a financial obligation of the Issuer or other obligated person
17. Agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation that affect security holders
18. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer or other obligated person that reflect financial difficulties
19. Other significant event notice (specify) _____

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: (_____) _____

The MSRB Gateway is www.msrb.org or through the EMMA portal at emma.msrb.org/submission/Submission_Portal.aspx. Contact the MSRB at (703) 797-6600 with questions regarding this form or the dissemination of this notice. The cover sheet and notice may also be faxed to the MAC at (313) 963-0943.



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